A MESSAGE FROM THE ATTORNEY GENERAL

November 14, 2006

Every day, the men and women of the Department of Justice work to protect Americans by preventing terrorism and other threats to our Nation, as well as by keeping our communities safe from violent crime. During the past five years, working side by side with our federal, State and local partners, the Department has worked tirelessly to strengthen our Nation's counterterrorism efforts and to reduce violent crime to historic lows.

We have increased our capacity to investigate terrorism and have identified, disrupted, and dismantled terrorist cells operating in the United States. These efforts have resulted in the securing of over 300 convictions or guilty pleas in terrorism or terrorism-related cases arising from investigations conducted primarily after September 11, 2001. Under the leadership of President Bush, the Department has allocated new resources to the war on terror and recently created the National Security Division to further improve our information sharing, coordination, and counterterrorism capacity.

Due to the hard work of law enforcement, our Nation continues to enjoy the lowest crime rate in 30 years. Where individual localities have seen small increases in crime recently, the Department has responded appropriately, working with our State and local partners to study the problem and to develop strategies to reduce and deter that crime. We are also urging our prosecutors to redouble their efforts to vigorously prosecute federal crimes involving guns, gangs, drugs, child exploitation, corporate and public corruption, immigration, and civil rights violations.

While we work to fulfill our vital mission, I am committed to maintaining strong program and fiscal management. Prepared pursuant to the Reports Consolidation Act of 2000 and guidance in Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, the FY 2006 Department of Justice *Performance and Accountability Report* contains our performance report, as required by the Government Performance and Results Act; our audited consolidated financial statements, as required by the Chief Financial Officers Act and the Government Management Reform Act; and a statement of assurance regarding our internal control and financial management systems, as required by the Federal Managers' Financial Integrity Act (FMFIA).

I am pleased to report that the Department earned an unqualified audit opinion on our financial statements as of September 30, 2006. All ten of the Department's components that produce financial statements received unqualified opinions this year. For the third year in a row, the Department met OMB's 45-day standard for issuing the *Performance and Accountability Report*. Two components had no material weakness or reportable conditions of any kind, and six of our ten components had no material control weaknesses reported by the auditors. In addition, three of our components were able to successfully eliminate prior year material weakness. While I am pleased with this progress, we still have components that face challenges in their financial controls and information systems environments. As a result, I provide qualified assurance that our internal control and financial systems met the objectives of Sections 2 and 4 of the FMFIA and that our internal control over financial reporting met the objectives of Appendix A of OMB Circular A-123. As the Department continues to operate with seven individual financial reporting systems, we are dedicated to improving our financial controls and systems and continuing our project to install an integrated Departmental financial management system.

The financial and performance data presented in this report are complete and reliable, providing timely and useful information on Department of Justice accomplishments to the American taxpayers. The Department is proud of this past fiscal year's mission accomplishments and we will continue to be resolute in our quest to protect our citizens by addressing terrorism, crime, and by working to enforce our federal laws with integrity and devotion to our highest ideals.

Alberto R. Gonzales

PAR

U.S. Department of Justice – FY 2006 Performance and Accountability Report

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PAR Introduction

This Report's Purpose and Reporting Process

This Performance and Accountability Report (PAR) for fiscal year (FY) 2006 provides financial and performance information, enabling the President, Congress, and the American public to assess the annual performance of the Department of Justice (DOJ or the Department).

This report is prepared under the direction of the Department's Chief Financial Officer (CFO). The financial statements contained within this report are prepared by the Department's Justice Management Division, Finance Staff, and audited by the Office of the Inspector General (OIG). This report includes the Department's financial statements for the preceding fiscal year (FY 2005) and reports on all accounts and associated activities of each office, bureau, and activity of the Department. The Department's FY 2006 audited financial statements have been consolidated based upon the results of audits undertaken in each of the 10 departmental reporting entities.

The Department continues to enforce vigorously the broad spectrum of laws of the United States; however, the fight against terrorism continues to be the first and overriding priority of the Department. In FY 2004, the Attorney General announced the Department's Strategic Plan for FYs 2003-2008 (available electronically on the Department's website at: http://www.usdoj.gov/jmd/mps/strategic2003-2008/index.html). This Strategic Plan includes four strategic goals and related objectives that are mentioned throughout this report.

Organization of the Report

Message from the Attorney General: This report begins with a message from the Attorney General. In it, the Attorney General provides his assessment of the completeness and reliability of the performance and financial data, required by the Office of Management and Budget (OMB) Circulars A-11 and A-136, as well as any significant challenges the Department faces and how they are being confronted.

PART I – Management's Discussion and Analysis: This section includes summary information about the mission and organization of the Department; resource information; an analysis of the Department's financial statements; an analysis of performance information for the Department's key performance measures; and required assurances and information related to internal control material weaknesses and financial systems non-conformances, as required by OMB Circular A-123 and the Federal Managers' Financial Integrity Act (FMFIA).

PART II – FY 2006 Performance Report: This section provides the Department's FY 2006 Performance Report on key measures. This section also provides a summary discussion of the Department's four strategic goals, and reports on the key measures by detailing the program objective, FY 2006 target and actual performance, as well as a discussion section explaining whether the target was or was not achieved. In addition, this section provides an update on our progress towards meeting our FY 2008 long-term outcome goals.

PART III – Financial Section: This section begins with a message from the Department's Chief Financial Officer and the OIG's Commentary and Summary. It also includes the reports of the Independent Auditors, and the Department's consolidated financial statements and associated notes.

PART IV – Management Section: This section provides information on progress made in each of the areas under the President's Management Agenda in FY 2006. This section also outlines progress the Department is making with the OMB Program Assessment Rating Tool (PART) process. Lastly, Part IV includes the OIG's Top Management and Performance Challenges in the Department of Justice and the Department management's response, along with the corrective action plans for the internal control weaknesses and financial systems non-conformances as required by FMFIA.

Appendices: (A) the OIG Audit Division analysis and summary of actions necessary to close the FY 2006 annual financial statement audit report; (B) the Department's financial structure; (C) the status of Improper Payments Information Act reporting details; (D) an FY 2006 financial management status report and five-year plan summary; (E) a list of major program evaluations completed during FY 2006; (F) an intellectual property report; (G) a list of acronyms; and (H) a list of Department websites.

This report is available at: http://www.usdoj.gov/ag/annualreports/pr2006/TableofContents.htm

Compliance with Legislated Reporting Requirements

This report meets the following legislated reporting requirements:

Inspector General (IG) Act of 1978 (Amended) – Requires information on management actions in response to Inspector General audits

Federal Managers' Financial Integrity Act (FMFIA) of 1982 – Requires a report on the status of management controls and the most serious management problems identified within the agency

Government Performance and Results Act (GPRA) of 1993 – Requires performance reporting against all established agency goals outlined in current strategic planning documents

Government Management and Reform Act (GMRA) of 1994 – Requires the auditing of agency financial statements

Federal Financial Management Improvement Act (FFMIA) of 1996 – Requires an assessment of agency financial systems for adherence to government-wide requirements and standards

Reports Consolidation Act of 2000 – Requires the consolidated performance, financial, and related reporting within the Performance and Accountability Report

Improper Payments Information Act (IPIA) of 2002 – Requires reporting on agency effort to identify and reduce erroneous payments

Federal Information Security Management Act (FISMA) of 2002 – Requires an annual evaluation of information security programs and practices

PART I Management's Discussion and Analysis (Unaudited)

Established July 1, 1870 (28 U.S.C, 501, 503), the Department of Justice (DOJ or the Department) is headed by the Attorney General of the United States. It was created to control federal law enforcement and all criminal prosecutions and civil suits in which the United States has an interest. The structure of the Department has changed over the years, with the addition of Deputy Attorneys General and the formation of several Divisions and components; however, unchanged is the commitment and response to securing equal justice for all, enhancing respect for the rule of law, and making America a safer and more secure Nation.

The mission of the Department of Justice, as reflected in its Strategic Plan for the fiscal years (FY) 2003-2008, is as follows:

Mission

"...to enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans."

In carrying out our mission, we are guided by the following core values:

Equal Justice Under the Law. Upholding the laws of the United States is the solemn responsibility entrusted to us by the American people. We enforce these laws fairly and uniformly to ensure that all Americans receive equal protection and justice under the law.

Honesty and Integrity. We adhere to the highest standards of ethical behavior.

Commitment to Excellence. We seek to provide the highest levels of service to the American people. We are effective and responsible stewards of the taxpayers' dollars.

Respect for the Worth and Dignity of Each Human Being. We treat each other and those we serve with fairness, dignity, and compassion. We value differences in people and ideas. We are committed to the well being of our employees and to providing opportunities for individual growth and development.

Strategic Goals and Objectives

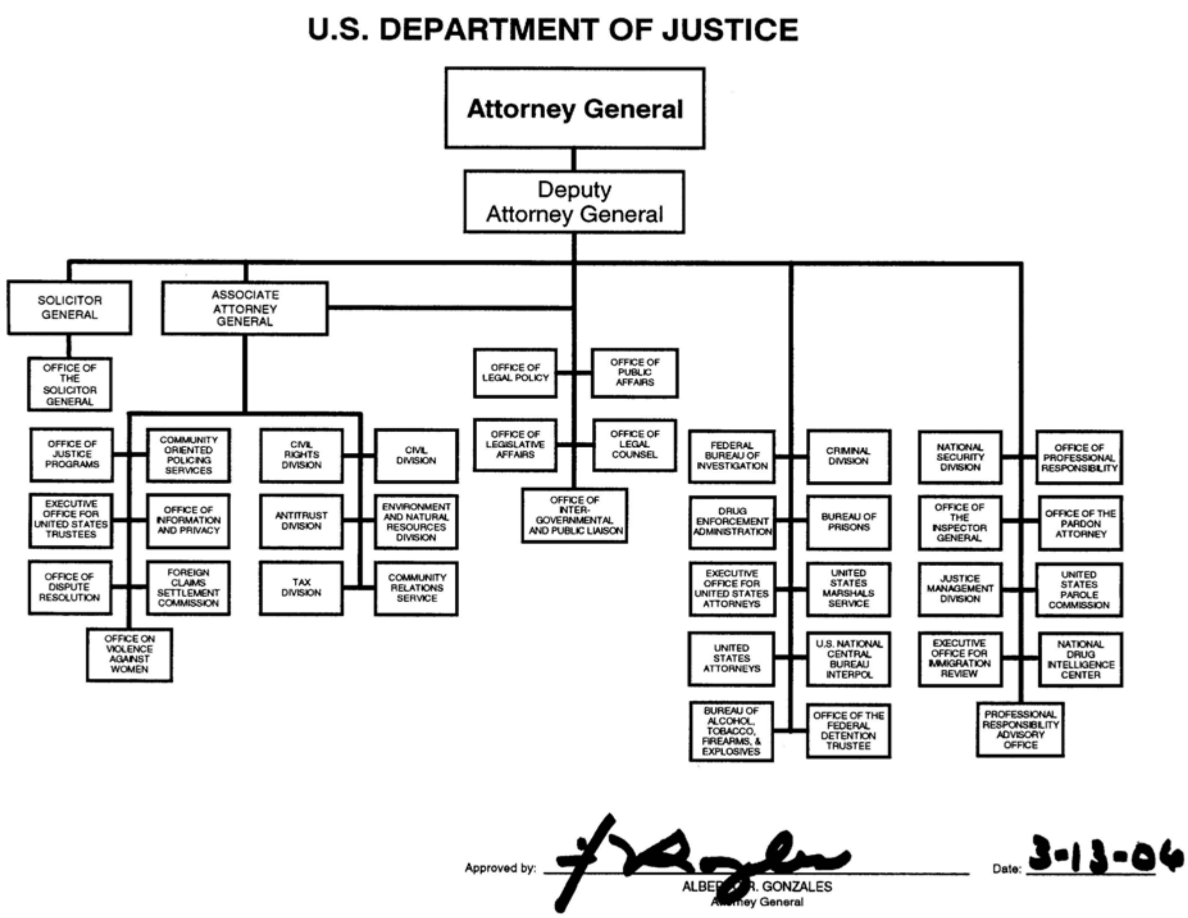
From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the notion that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle. This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. In FY 2004, the Attorney General issued a revised Strategic Plan for FYs 2003-2008. (The Strategic Plan is available electronically on the Department's website at: http://www.usdoj.gov/jmd/mps/strategic2003-2008/index.html.) The chart below provides an overview of the Department's strategic goals and objectives.

Strategic Goal		Strategic Objectives
I	Prevent Terrorism and Promote the Nation's Security	**1.1** Prevent, disrupt, and defeat terrorist operations before they occur **1.2** Investigate and prosecute those who have committed, or intend to commit, terrorist acts in the United States **1.3** Combat espionage against the United States by strengthening counterintelligence capabilities
II	Enforce Federal Laws and Represent the Rights and Interests of the American People	**2.1** Reduce the threat, incidence, and prevalence of violent crime, including crimes against children **2.2** Reduce the threat, trafficking, use, and related violence of illegal drugs **2.3** Combat while collar crime, economic crime, and cyber crime **2.4** Uphold the civil and constitutional rights of all Americans, and protect the vulnerable members of society **2.5** Enforce federal statues, uphold the rule of law, and vigorously represent the interests of the United States in all matters for which the Department has jurisdiction **2.6** Protect the integrity and ensure the effective operation of the Nation's bankruptcy system
III	Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence	**3.1** Improve the crime fighting and criminal justice system capabilities of State, tribal, and local governments **3.2** Break the cycle of illegal drugs and violence through prevention and treatment **3.3** Uphold the rights and improve services to America's crime victims, and promote resolution of racial tension
IV	Ensure the Fair and Efficient Operation of the Federal Justice System	**4.1** Protect judges, witnesses, and other participants in federal proceedings, and ensure the appearance of criminal defendants for judicial proceedings or confinement **4.2** Ensure the apprehension of fugitives from justice **4.3** Provide for the safe, secure, and humane confinement of detained persons awaiting trail and/or sentencing **4.4** Maintain and operate the Federal Prison System in a safe, secure, humane, and efficient manner **4.5** Provide services and programs to facilitate inmates' successful reintegration into society, consistent with community expectations and standards **4.6** Adjudicate all immigration cases promptly and impartially in accordance with due process

Organizational and Financial Structure

Led by the Attorney General, the Department is comprised of 40 separate component organizations. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Services (USMS), which protects the federal judiciary, apprehends fugitives and detains persons in federal custody; the Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which began operations on September 28, 2006, and brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

Litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws, including civil rights, tax, antitrust, environmental, and civil justice statutes. The Office of Justice Programs (OJP) and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to State, local, and tribal governments. Other major Departmental components include the United States Trustee, the Office of the Federal Detention Trustee (OFDT), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the Office on Violence Against Women (OVW), the National Drug Intelligence Center (NDIC), the Office of the Inspector General (OIG), and several offices that advise the Attorney General on policy, law, legislation, external affairs and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

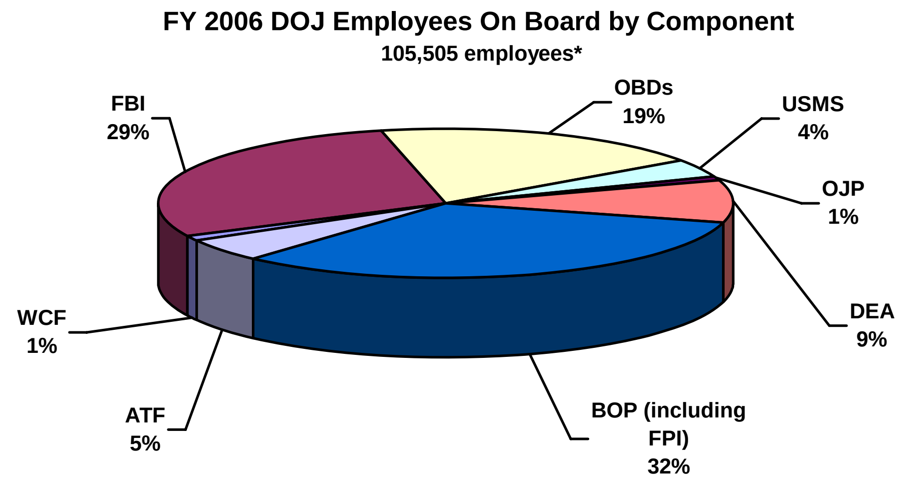


The Department's financial reporting structure is comprised of the following principal components:

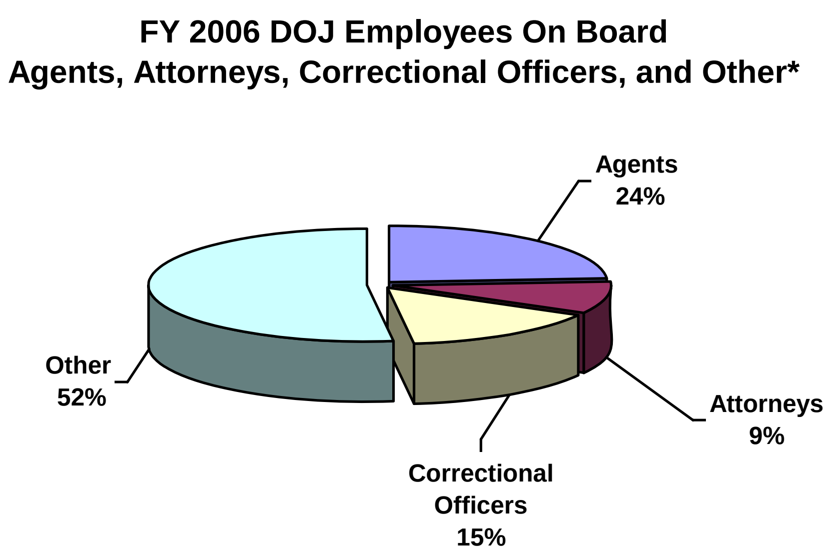
- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Working Capital Fund (WCF)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

FY 2006 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2006.



*The chart above aligns to DOJ's financial reporting structure. Note that the employees for Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF) are not reflected in the chart and equal .02 percent. The chart reflects employees on board as of September 30, 2006.



*"Other" includes pay class categories such as: general administrative, clerical, analyst, information technology specialist, security specialist, legal services, and security specialist. This chart reflects employees on board as of September 30, 2006.

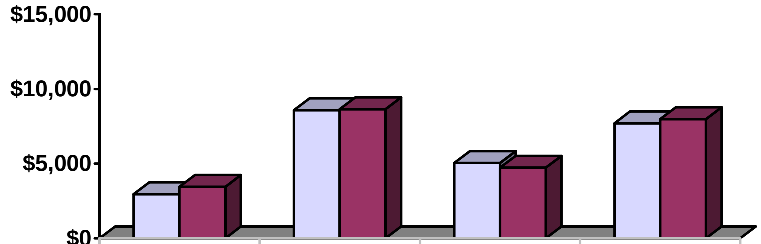
Table 1. Sources of DOJ Resources
(Dollars in thousands)

Source	FY 2006	FY 2005	% Change
Earned Revenue:	$2,691,331	$2,722,816	-1%
Budgetary Financing Sources:			
Appropriations Received	22,082,303	21,398,290	3%
Appropriations Transferred In/Out	240,948	230,128	5%
Nonexchange Revenues	711,973	700,774	2%
Donations and Forfeitures of Cash or Cash Equivalents	1,009,217	514,876	96%
Transfers In/Out Without Reimbursement	122,374	98,145	25%
Other Adjustments and Other Budgetary Financing Sources	(651,388)	(572,276)	14%
Other Financing Sources:			
Donations and Forfeitures of Property	116,189	81,754	42%
Transfers In/Out Without Reimbursement	(35,871)	267,870	-113%
Imputed Financing from Costs Absorbed by Others	650,258	640,126	2%
Total	**$26,937,334**	**$26,082,503**	3%

Table 2. How DOJ Resources Were Spent
(Dollars in thousands)

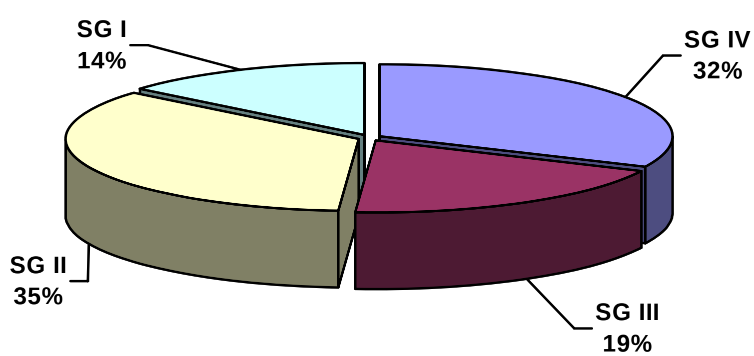
	Strategic Goal (SG)	FY 2006	FY 2005	% Change
I	Prevent Terrorism and Promote the Nation's Security			
	Gross Cost	$3,698,223	$3,193,108	
	[Earned Revenue]	(251,158)	(249,493)	
	Net Cost	3,447,065	2,943,615	17%
II	Enforce Federal Laws and Represent the Rights and Interests of the American People			
	Gross Cost	9,624,221	9,614,011	
	[Earned Revenue]	(984,334)	(1,024,843)	
	Net Cost	8,639,887	8,589,168	1%
III	Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence			
	Gross Cost	4,980,683	5,302,631	
	[Earned Revenue]	(253,320)	(251,394)	
	Net Cost	4,727,363	5,051,237	-6%
IV	Ensure the Fair and Efficient Operation of the Federal Justice System			
	Gross Cost	9,180,881	8,897,244	
	[Earned Revenue]	(1,202,519)	(1,197,086)	
	Net Cost	7,978,362	7,700,158	4%
	Total Gross Cost	**27,484,008**	**27,006,994**	
	[Total Earned Revenue]	**(2,691,331)**	**(2,722,816)**	
	Net Cost of Operations	**$24,792,677**	**$24,284,178**	**2%**

Comparison of Net Costs - FY 2005 and 2006
(Dollars in millions)



	SGI	SGII	SGIII	SGIV
FY 2005	$2,944	$8,589	$5,051	$7,700
FY 2006	$3,447	$8,640	$4,727	$7,978

FY 2006 Percentage of Net Costs by Strategic Goal



Analysis of Financial Statements

The Department's financial statements, which appear in Part III of this document, received an unqualified audit opinion for fiscal years ended September 30, 2006 and 2005. These statements have been prepared from the accounting records of the Department in conformity with the accounting principles generally accepted in the United States, and OMB Circular A-136, *Financial Reporting Requirements*. These principles are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The following provides highlights of the Department's financial position and results of operations in FY 2006. The complete set of financial statements, related notes, and the opinion of Department's auditors can be found in Part III of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2006 shows $26.8 billion in total assets, a decrease of $220.8 million over the previous year's total assets of $27.1 billion. Fund Balance with U.S. Treasury was $15.0 billion, which represents 56 percent of total assets.

Liabilities: Total Department liabilities were $7.7 billion as of September 30, 2006, an increase of $325.9 million from the previous year's total liabilities of $7.4 billion.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of Department operations totaled $24.8 billion for the year ended September 30, 2006, an increase of $508.5 million (2 percent) from the previous year's net cost of operations of $24.3 billion.

Brief descriptions of some of the major costs included in each Strategic Goal are as follows:

Strategic Goal	Description of Major Costs
I	Includes resources dedicated to counterterrorism initiatives, the United States Attorneys (USAs), FBI, and Criminal Division
II	Includes resources for the ATF; DEA; FBI; USAs; the Criminal, Civil, Civil Rights, Tax, Antitrust, and Environment and Natural Resources Divisions; the United States Trustees; and the Assets Forfeiture Fund (AFF)
III	Includes resources for FBI, OJP, COPS, OVW, AFF, and services to America's crime victims
IV	Includes the resources for USMS, the BOP (including FPI), the OFDT, the U.S. Parole Commission, EOIR, and Fees and Expenses of Witnesses Program

Management and administrative costs, including the Department's leadership offices, Justice Management Division, the Wireless Management Office, and others are allocated to each goal based on full-time equivalent (FTE) employment.[1]

Budgetary Resources: The Department's FY 2006 Combined Statement of Budgetary Resources shows $33.9 billion in total budgetary resources, an increase of $2.1 billion from the previous year's total budgetary resources of $31.8 billion.

Net Outlays: The Department's FY 2006 Combined Statement of Budgetary Resources shows $23.7 billion in net outlays, an increase of $668.2 million from the previous year's total net outlays of $23.0 billion.

[1] FTE employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off and other approved leave categories are considered "hours worked" for purposes of defining FTE employment.

Data Reliability and Validity

The Department views data reliability and validity as critically important in the planning and assessment of its performance. As such, the Department makes every effort to constantly improve the completeness and reliability of its performance information by performing “data scrubs” (routine examination of current and historical data sets, as well as looking toward the future for trends) to ensure the data we rely on to make day-to-day management decisions are as accurate and reliable as possible and targets are ambitious enough given the resources provided. In an effort to communicate our data limitations and commitment to providing accurate data, this document includes a discussion of data validation, verification, and any identified data limitations for each performance measure presented. The Department ensures each reporting component providing data for this report meets the following criteria as outlined in the OMB, Circular A-11, *Preparation, Submission, and Execution of the Budget*, Section 230.2 (e), paragraph 3:

> *Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained. Agencies must discuss in their assessments of the completeness and reliability of the performance data any limitations on the reliability of the data. Additionally, agencies should discuss in their PARs efforts underway to improve the completeness and reliability of future performance information as well as any audits, studies, or evaluations that attest to the quality of current data or data collection efforts.*

Analysis of Performance Information

The Department's Strategic Plan for FYs 2003-2008 includes specific long-term outcome goals. These outcome goals represent key activities that are considered the Department's highest priorities. Twenty-eight key measures addressing the accomplishment towards achieving these long-term outcome goals are targeted in the Department's annual *Budget Performance and Summary* and reported each year in this document. The Department's full Performance Report for these measures, including an update on our progress toward meeting our FY 2008 long-term outcome goals, is included in Part II of this document.

During FY 2006, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews and the President's Management Agenda Council. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that informs quarterly status reporting and operating plans.

In FY 2006, the Department achieved 59 percent of its key indicators. This percentage is likely to be higher as additional FY 2006 data are reported, as 19 percent of the key indicators have reporting delays due to calendar year reporting or are subject to necessary data validation prior to release. The Department credits this year's success to the Department-wide quarterly status reporting implemented in second quarter FY 2005, increased emphasis on long-term and annual performance measure development due to OMB's Program Assessment Rating Tool (PART), and placement of key performance indicators on cascading employee work plans beginning in December 2004.

While the Department met 59 percent of its performance targets in FY 2006, performance improvements are still needed in areas where planned performance was not achieved. Knowing that focusing on mission, agreeing on goals, and reporting results are the keys to improved performance, the Department will examine its performance management system overall and seek improvements, where necessary. Additional improvement areas include: continuing to improve the quality and utility of performance information; developing the capacity to use performance information through the use of technology and reliable data systems; and continuing to work with OMB and other federal agencies to develop mechanisms to target and measure efficiency of law enforcement and regulatory programs.

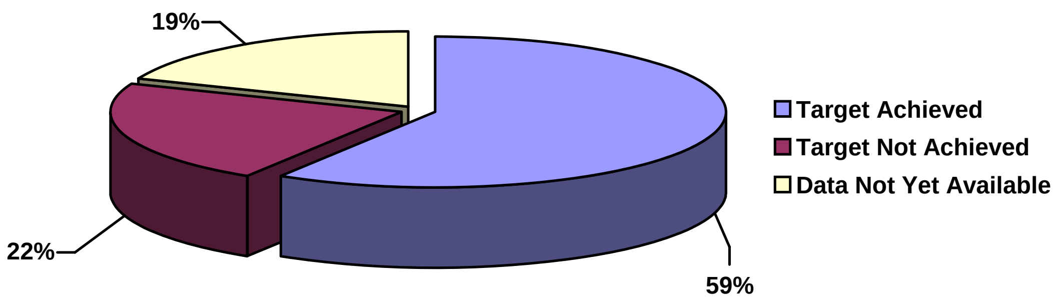
Beyond annual progress, the Department is constantly monitoring progress made against its FY 2008 long-term performance goals for each of the 28 key measures. In areas where we have already achieved the targets, we have set new, more ambitious targets based on the programmatic and resource information currently available. As of the close of FY 2006, 96 percent of the Department's long-term key indicators are on-track for full achievement against FY 2008 targets. This is a 10 percent improvement over FY 2005 status. Additionally, there are still two full years of performance remaining until the Department reports against planned progress, and a number of mechanisms are in place to ensure that the current progress is maintained, including quarterly status reporting, performance-informed budget submissions to request necessary/additional resources, and the OMB's PART to assist in making any serious deficiencies known to Departmental leadership so that they can be corrected and remedied.

Beginning in May 2006, the Department began drafting its Strategic Plan for FYs 2007-2012. Similar to our existing Plan, the new Plan will include specific long-term outcome goals that reflect the Department's highest priorities. The Department's strategic planning process included a full-scale review of the existing 28 long-term outcome measures. That review revealed that certain goals have been accomplished; some were too output oriented to warrant inclusion on the key indicator list; some no longer reflected the mission of the reporting component; and in some cases the OMB PART process made the measure obsolete. In its Strategic Plan for FYs 2007-2012, the Department will unveil its current list of key indicators, which will fully align to current priorities and goals. Just as in the past, long-term outcome goals will be targeted in the Department's annual *Budget and Performance Summary* and reported each year in this report.

To prepare for the introduction of the 2007-2012 key outcome measures, following the FY 2006 report, the Department will be discontinuing the following measures: Cumulative value of stolen intellectual property [FBI]; Percent reduction in recidivism for the population served by the Re-entry initiative [OJP]; Percent increase in Regional Information Sharing Systems (RISS) Inquiries [OJP]; Number of escapes during confinement (non-federal detention) [OFDT]; Rate of assaults (non-federal detention) [OFDT]; and two of the five priority case categories currently reported by the Executive Office for Immigration Review [EOIR]. The full explanation for their discontinuation is included in Part II of this document.

The chart below provides a summary of the Department's FY 2006 performance for its 28 key measures by Strategic Goal.

Status of FY 2006 Key Performance Measures



[ ] Designates the reporting entity	**FY 2006 Target**	**FY 2006 Actual**	**Target Achieved/ Not Achieved**
Strategic Goal I: Prevent Terrorism and Promote the Nation's Security			
Terrorist acts committed by foreign nationals against U.S. interests within U.S. borders **[FBI]**	Zero	Zero	Achieved
Strategic Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People			
Number of organized criminal enterprises dismantled **[FBI]**	24	25	Achieved
Number of child pornography websites or web hosts shut down **[FBI]**	2,300	906	Target not achieved; however, revised data expected in January 2007 should result in FY 2006 actuals closer to the target figure.
Percent of high-crime cities (with an ATF presence) demonstrating a reduction in violent firearms crime **[ATF]**	60%	TBD*	N/A
DOJ's reduction in the supply of illegal drugs available for consumption in the U.S. **[ADAG/Drugs]**	N/A	TBD**	N/A
Consolidated Priority Organizations Target-linked drug trafficking organizations**(DEA, FBI [Consolidated data - ADAG/Drugs])**			Target not achieved. CPOT-linked cases are highly sophisticated and it is difficult to predict how many disruptions will occur in a single FY.
Disrupted	208	183	
Dismantled	119	90	
Value of stolen intellectual property **[FBI]**	$43 billion	***	N/A
Number of top-ten Internet fraud targets neutralized **[FBI]**	7	7	Achieved

[ ] Designates the reporting entity	FY 2006 Target	FY 2006 Actual	Target Achieved/ Not Achieved
Number of criminal enterprises engaging in white-collar crimes dismantled **[FBI]**	45	206	Achieved
Percent of cases favorably resolved: **(ENRD, ATR, CRM, USA, TAX, CIV, CRT, [Consolidated data - JMD/BS])**			
Criminal Cases	90%	92%	Achieved
Civil Cases	80%	83%	Achieved
Percent of Assets/Funds returned to creditors: **[USTP]**			
Chapter 7	55%	Data not available until January 2007****	N/A
Chapter 13	83%	Data not available until April 2007****	N/A
Strategic Goal III: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence			
Reduction in recidivism rate (from 2% in FY 2004 to 1.5% in FY 2008) for the population served by the Re-entry initiative **[OJP]**	3% reduction from the 2004 baseline	3.5% reduction from the 2004 baseline	Achieved
Reduction of homicides per site (funded under the Weed and Seed Program) **[OJP]**	1.2% reduction	Data not available until early 2007*****	N/A
Percent increase in Regional Information Sharing System (RISS) inquiries **[OJP]**	5% (above 2005 actual)	1.2% (above 2005 actual)	Target not achieved due to system conversions and software application upgrades.
Percent reduction in DNA backlog **[OJP]**			
Casework	26%	33.97%	Achieved
Convicted Offender	25%	86.27%	Achieved
Number of participants in the Residential Substance Abuse Treatment (RSAT) Program **[OJP]**	17,500	Data not available until early 2007******	N/A
Increase in the graduation rate of program participants in the Drug Courts Program **[OJP]**	2% (above 2005 baseline)	13.7% (above 2005 baseline)	Achieved
Strategic Goal IV: Ensure the Fair and Efficient Operation of the Federal Justice System			
Number of interrupted judicial proceedings due to inadequate security **[USMS]**	Zero	Zero	Achieved
Percent and number of total fugitives apprehended or cleared **[USMS]**	47% or 85,125	46% or 80,055	Target not achieved due to shift of investigative full time equivalents to violent fugitive apprehension efforts and other reasons.
Per day jail cost **[OFDT]**	$63.35	$62.73	Achieved
Number of escapes during confinement (federal detention) **[OFDT]**	Zero	11	Target not achieved due to eleven escapes. Six of the eleven have been captured.
Rate of assaults (federal detention) **[OFDT]**	Re-establish baseline	Baseline not established	Target not achieved; however, OFDT will continue to examine its data definitions.
System-wide crowding in federal prisons **[BOP]**	37%	36%	Achieved
Number of escapes from secure BOP facilities **[BOP]**	Zero	1	Target not achieved due to one escape.

[ ] Designates the reporting entity	**FY 2006 Target**	**FY 2006 Actual**	**Target Achieved/ Not Achieved**
Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates **[FPI / BOP]** 3 years after release 6 years after release	15%; 10%	23%; 10%	Achieved
Rate of assaults in federal prisons (Assaults per 5,000 inmates) **[BOP]**	130/5,000 inmates	119/5,000 Inmates	Achieved
Inspection Results—Percent of federal facilities with ACA accreditations **[BOP]**	99%	99%	Achieved
Percent of Executive Office for Immigration Review priority cases completed within established timeframes **[EOIR]** Asylum Institutional Hearing Program Detained Single Appeals Panel Appeals	90% (all categories)	95%; 92%; 92%; 100%; 100%	Achieved

Note: The Department of Justice has 28 key performance measures. Some measures have one or more annual target; therefore, when calculating the pie chart above, the denominator equals 36.

N/A – Not applicable at this time. See the "FY 2006 Actual" column for when data will be available.

* ATF data lags two years due to the time lag in the publication of Uniform Crime Report data. (FY 2004 target: 50%; FY 2004 actual: 47%)

** Measuring reduction in the drug supply is a complex process reflecting of a number of factors outside the control of drug enforcement. Moreover, the impact of enforcement efforts on drug supply and the estimated availability are currently not measurable in a single year. Accordingly, DOJ is unable to set interim goals; however, we remain focused on achieving a long-term reduction of 10%, when compared to the baseline supply of drugs available for consumption.

*** Data lags one year due to data availability/collection from industry sources. Performance measure has been discontinued as of September 30, 2006. (CY 2005 target: $34 billion; CY 2005 actual: $45.4 billion)

**** Data lags one year due to the requirement to audit data submitted by U.S. Trustee prior to reporting. (FY 2005 target: Chapter 7: 54%; Chapter 13: 80%; FY 2005 actual: Chapter 7: 59.4%; Chapter 13: 85.9%)

***** Data is collected on a calendar year basis. (FY 2005 target: 1.2% reduction in homicides per site from FY 2004 baseline – 4.4 homicides per site; FY 2005 actual: 17.8% reduction from baseline – 3.7 homicides per site)

****** Data is collected on a calendar year basis. (FY 2005 target: 12,500; FY 2005 actual: 35,350)

President's Management Agenda: Summary of Implementation Efforts for FY 2006

In an effort to make government more citizen-centered and results-oriented, the OMB established the President's Management Agenda (PMA) in 2001, which heralded a strategy for improving the management of the federal government. The Department recognizes the importance of the PMA and, together with two additional initiatives specific to the Department, follows the PMA criteria to strengthen its management practices, increase transparency and accountability, and improve program performance.

In FY 2001, the OMB established criteria for determining if an agency was making progress in implementing the objectives outlined within the PMA. The OMB grades agency progress and provides status reports using a green, yellow, red grading system. A score of green identifies an agency as meeting all standards of success for a goal. A yellow score identifies an agency as achieving an intermediate level of performance for all criteria within a goal. The final rating of red defines an agency as having one or more weaknesses. The chart below provides "overall status" regarding the Department's cumulative progress in meeting each of objectives and the "progress status" displays the Department's incremental progress as of September 30, 2006.

President's Management Agenda	Overall Status*	Progress Status*	Overall Status Performance 10/01/05-9/30/06
Strategic Management of Human Capital	Green	Green	↔
Competitive Sourcing	Yellow	Green	↔
Improved Financial Performance	Red	Green	↔
Expanded Electronic Government	Yellow	Green	↑
Budget and Performance Integration	Green	Green	↑
Faith-Based and Community Initiative	Green	Green	↔
Real Property Asset Management Initiative	Yellow	Green	↑

*As of September 30, 2006

The Department has made significant progress in achieving the annual goals and long-term criteria outlined under the PMA. For example, the Department has received "green" ratings for the Strategic Management of Human Capital, Budget and Performance Integration, and the Faith-based and Community Initiative. In addition, during FY 2006, the Department moved to yellow in overall status in both Electronic Government and Real Property Asset Management.

During FY 2006, the Department continued to create and retain a capable workforce; hold organizations and programs accountable by aligning budgets and performance; make decisions based on timely, sound financial information; expand technology to better serve the public; and manage our resources in ways that best serve the taxpayer. Additionally, a Department-wide council focused on holding components accountable and communicating with management/leadership regarding the progress and status of PMA criteria has been effective in bringing the initiatives to the forefront. Created in July 2005, the Department's PMA Council consists of senior-level representatives from each component that are responsible for overseeing the PMA commitments within each component. The PMA Council meets quarterly and is chaired by the Assistant Attorney General for Administration. Meetings include updates on status and progress from all DOJ PMA initiative owners. In addition to PMA Council meetings, PMA initiative owners also update the Attorney General on scorecard results each quarter and receive guidance on any improvements that should be made in subsequent quarters. Despite challenges, employees, managers and leadership remain focused and continue to provide creative solutions for improving Department-wide accountability and effectiveness. A full report outlining the FY 2006 progress under each PMA initiative is included in Part IV of this document.

Analysis of Systems, Controls, and Legal Compliance

Internal Control Program in the Department of Justice

The objective of the Department of Justice's internal control program is to provide reasonable assurance that operations are effective, efficient, and comply with applicable laws and regulations; financial reporting is reliable; and assets are safeguarded against waste, loss, and unauthorized use. The Department identifies issues of concern through a strong network of oversight councils, internal review teams, and external auditors. These include the Department's Senior Assessment Team, the Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, Departmental component internal review teams, and the OIG.

The Department of Justice's internal controls have significantly improved through the corrective actions implemented by senior management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations shows in our efforts to establish reasonable controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and significant management actions taken by Departmental leadership in response to the President's Management Agenda, OMB initiatives, and OIG recommendations. For example, during FY 2006, to ensure Departmental compliance with the new requirements of OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix A, Internal Control Over Financial Reporting, the Department:

- established a top-down governance structure to implement, direct, and oversee the process for assessing internal control over financial reporting;
- evaluated and documented key business processes and controls;
- established a framework and process to continue assessing internal control over financial reporting; and
- established a corrective action framework and process to facilitate stakeholder oversight and ensure prompt and proper implementation of corrective actions to resolve deficiencies in internal control.

The Department also continues to support and commit resources to Departmental component internal review programs. Details on additional actions taken by Departmental leadership to build and sustain a strong internal control program are provided later in this section.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The FMFIA (or the Integrity Act) provides the statutory basis for management's responsibility for and assessment of accounting and administrative internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The Integrity Act also requires the agency head to annually assess and report on the effectiveness of internal controls that protect the integrity of federal programs (FMFIA Section 2) and whether financial management systems conform to related requirements (FMFIA Section 4).

Guidance for implementing the Integrity Act is provided through OMB Circular A-123. In addition to requiring agencies to provide an assurance statement on programmatic internal controls and financial management systems, the Circular requires agencies to provide an assurance statement on the effectiveness of internal control over financial reporting.

FMFIA Assurance Statement

Department of Justice management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of FMFIA. In accordance with OMB Circular A-123, the Department conducted its annual assessment of internal controls over program operations, which includes compliance with applicable laws and regulations, and conformance with financial management systems requirements. Based on the results of the assessment for the year ended September 30, 2006, the Department of Justice provides a qualified statement of assurance. The assessment identified a material weakness involving the need to reduce the Bureau of Prisons (BOP) crowding rate, currently at 36 percent over the rated capacity. In addition, the Department's two previously reported non-conformances involving the need to improve general controls over information systems supporting financial processes and the lack of a single integrated financial management system remain.

Except for the material weakness and non-conformances, the internal controls over program operations and financial management systems meet the objectives of FMFIA. Details of the exceptions are provided in the section S*ummary of Material Weaknesses, Non-Conformances, and Corrective Action Plans.* Other than the exceptions noted**,** the internal controls were operating effectively, and no other material weaknesses or non-conformances were found in the design or operation of the controls.

In accordance with Appendix A of OMB Circular A-123, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. Based on the results of the assessment for the period ending June 30, 2006, the Department provides a qualified statement of assurance. The assessment identified that the material weakness involving the need to further improve the Department's accounting and financial reporting procedures remains.

Except for the material weakness, the internal control over financial reporting was operating effectively, and no other material weaknesses were found in the design or operation of the controls. Details of the exception are provided in the section S*ummary of Material Weaknesses, Non-Conformances, and Corrective Action Plans*.

As stated in my introductory message, the Department of Justice is committed to strong program and fiscal management as we continue our mission of fighting terrorism and crime. We are dedicated to improving the Department's internal controls and look forward to further progress in this important area.

Alberto R. Gonzalez
Attorney General

November 9, 2006

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act (FFMIA) is designed to improve financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of federal programs. The FFMIA requires agencies to have financial management systems that substantially comply with the federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level. The Federal Information Security Management Act states that to be substantially compliant with FFMIA, there are to be no significant deficiencies in information security policies, procedures, or practices.

FFMIA Compliance Determination

During FY 2006, the Department assessed its financial management systems for compliance with FFMIA. Because of the Department's two systems non-conformances, as mentioned previously in the *FMFIA Assurance Statement* section, the Department is not substantially compliant with FFMIA. Nonetheless, the Department's financial management strategy is dedicated to ensuring that its financial management systems provide reliable and consistent financial data for decision-making purposes. As part of this strategy, the Department continues to remediate systems weaknesses. Remediation efforts are focused on establishing corrective action plans that appropriately address root causes, ensuring corrective actions are sufficiently and completely implemented as soon as practicable, expanding annual OMB Circular A-123 assessments to ensure they are adequate to detect and timely correct control deficiencies, and intensifying the monitoring and validation of component corrective actions and OMB A-123 assessments. Corrective action plans addressing the systems non-conformances are available in Part IV of this document.

In addition to remediating systems weaknesses, the Department continues to implement an agency-wide integrated financial management system. In FY 2006, system implementation efforts included issuing task orders for Integration and Implementation services and a contract for Independent Verification and Validation services. Efforts also continued on updating the system baseline configuration. System implementation will begin at selected components in FY 2007 and will be operational in FY 2008. Department-wide implementation is expected to be complete in FY 2012. The integrated system will improve operating efficiency and financial controls, provide management with more timely information, and eliminate the weaknesses identified in information system controls.

Summary of Material Weaknesses, Non-Conformances, and Corrective Action Plans

The following tables summarize the two material weaknesses and two non-conformances identified through the Department's FY 2006 assessment of the effectiveness of internal controls and financial management systems. Details on each material weakness and non-conformance are provided after the tables. Associated Corrective Action Plans are available in Part IV of this document.

FMFIA Section 2 Program Material Weakness	First Identified	Previous Corrective Action Target	Current Corrective Action Target
Prison Crowding	FY 2006	Not Applicable	September 2012

OMB A-123, Appendix A Financial Reporting Material Weakness	First Identified	Previous Corrective Action Target	Current Corrective Action Target
Accounting and Financial Reporting Procedures	FY 2002 (previously reported under FMFIA Section 4)	FY 2006	September 2007

FMFIA Section 4 Financial Management Systems Non-Conformances	First Identified	Previous Corrective Action Target	Current Corrective Action Target
General Controls Over Information Systems Supporting Financial Processes	FY 2004	FY 2006	September 2007
Integrated Financial Management System	FY 2001	Ongoing	September 2012

Program Material Weakness and Corrective Actions – Prison Crowding

As of September 30, 2006, the BOP crowding rate at facilities housing federal inmates was 36 percent over the rated capacity. To date, the BOP continues to manage the growing federal inmate population by contracting with the private sector and using State and local facilities for certain groups of low security inmates, expanding existing institutions (where programmatically appropriate and cost effective to do so), and building new facilities. Effective use of these approaches will allow BOP to keep pace with the growing inmate population and gradually reduce the crowding rate, thereby ensuring safe and secure operations in facilities housing federal inmates.

To address this material weakness, BOP will increase the number of federal inmate beds to keep pace with projected increases in the inmate population. A formal corrective action plan has been developed to meet targeted goals that includes expanding existing institutions, acquiring surplus properties for conversion to correctional facilities, constructing new institutions, utilizing contract facilities, and exploring alternative options of confinement for appropriate cases. The BOP plans to validate progress on construction projects at new and existing facilities via on-site inspections or by reviewing monthly construction progress reports.

Financial Reporting Material Weakness and Corrective Actions – Accounting and Financial Reporting Procedures

In FY 2006, the Department made progress in correcting previously reported accounting standards compliance and financial reporting deficiencies. While progress has been made, the Department's assessment of internal control over financial reporting identified that deficiencies still exist in these areas. Specifically, the assessment identified reportable conditions in the Department's Procurement and Financial Reporting business processes. In addition, the assessment identified control deficiencies in other key business processes, such as Revenue, Treasury, and Grants Management. Individually, the reportable conditions and deficiencies are not significant enough to be categorized as material weaknesses. Collectively, however, management believes these control deficiencies, coupled with the risks to financial reporting resulting from the Department's information systems non-conformances discussed in the next section, represent a material weakness.

The Department and components are remediating the reportable conditions and control deficiencies through both formal component-developed corrective action plans and informal methods. In addition, the Department has increased its oversight of Departmental implementation of OMB Circular A-123, Appendix A; performed validation tests; and initiated actions to improve the overall assessment process by modifying existing internal review programs to test additional controls and expanding the monitoring program.

Financial Management Systems Non-Conformance and Corrective Actions – General Controls Over Information Systems Supporting Financial Processes

In FY 2006, the Department made progress in correcting prior year information technology-related deficiencies. In addition, the Department improved its information technology security stance. For example, all of the Department's systems have been certified and accredited, and the OIG has reported that the Department's certification and accreditation process complies with National Institute of Standards and Technology and Federal Information Processing standards.

While progress has been made, the Department's testing of general controls over information systems supporting financial processes continues to identify significant deficiencies related to access controls and the lack of baseline security configurations within several components. The most significant deficiencies involve management of accounts and system-level patches. Departmental and component management will accelerate efforts to remediate these and other information technology deficiencies through corrective action plans. In addition, the Department will intensify its monitoring of component progress in implementing corrective actions and validate such actions to ensure successful remediation of identified deficiencies.

Financial Management System Non-Conformance and Corrective Actions – Integrated Financial Management System

The Department continues to recognize the lack of a single integrated financial management system as a non-conformance. Financial systems performance and data availability for leadership decision-making is made more difficult because of the fragmented systems environment across the Department. Replacing the seven individual financial reporting systems with a standardized core financial system that meets federal standards is a priority of the Attorney General. In FY 2005, the Department's Unified Financial Management System (UFMS) Program Management Office gathered core financial requirements, awarded a commercial off-the-shelf system contract, and developed reengineered business processes. In FY 2006, the UFMS Program Management Office awarded a contract for integration and implementation services to support the deployment of UFMS. A phased-in implementation approach at selected Departmental components will begin in FY 2007, with the system being operational beginning in FY 2008. Department-wide implementation is expected to be complete in FY 2012.

Improper Payments: Summary of Implementation Efforts for FY 2006

The Improper Payments Information Act (IPIA) requires executive branch agencies to review all programs and activities they administer and identify those that may be susceptible to significant improper payments. Significant improper payments are defined by OMB as annual improper payments in a program exceeding both 2.5 percent of program payments and $10 million.

In accordance with IPIA, the Department reviewed its programs and activities for susceptibility to significant improper payments using a variety of methods, including component-conducted internal control reviews, Department-conducted OMB Circular A-123 internal control testing, OIG reviews and audits, and improper payment recovery audits. Based on the results of the reviews for the period ending September 30, 2006, the Department determined there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and its commitment to continuous improvement in the overall disbursement management process remains very strong. In FY 2006, the Department issued policy supplementing IPIA requirements, as well as requirements in the Recovery Auditing Act regarding the identification of payment errors and recovery of amounts erroneously paid. The Department's policy reinforces requirements and provides guidance to promote consistency throughout the Department in implementing IPIA and Recovery Auditing Act requirements, identifying and correcting causes of improper payments, and instituting activities to recover such payments. In FY 2006, the Department and individual components continued to supplement internal recovery activities with contract services to maximize the identification and collection of improper payments. To further increase the benefit to the Department in FY 2007, efforts are underway to obtain additional security clearances for some contract recovery personnel to allow continued expansion of recovery activities. See Appendix C for IPIA reporting details.

Possible Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends Affecting Department of Justice Goal Achievement

The Department's leadership is committed to ensuring its programs and activities will continue to be focused on meeting the dynamic demands of the changing legal, economic, and technological environments of the future.

Restructuring the Intelligence Community

- In June 2005, in response to the recommendations presented by the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, the President directed the Department to create a National Security Division (NSD) within the Department of Justice. In addition, the FBI established the Directorate of Intelligence and is expanding its core of intelligence analysts. On March 9, 2006, President George W. Bush announced the new position of Assistant Attorney General for National Security in the Department of Justice. The new Division consolidates the resources of the Office of Intelligence Policy and Review and the Criminal Division's Counterterrorism and Counterespionage Sections in order to strengthen the Department's core national security functions. These organizational changes reinforce the Department's efforts to prevent terrorism and other threats to national security. The NSD improves coordination against terrorism within the Department of Justice, the Central Intelligence Agency, the Department of Defense, and other intelligence community agencies. The NSD became operational on September 28, 2006.

Technology

- Advances in high-speed telecommunications, computers and other technologies are creating new opportunities for criminals, new classes of crimes, and new challenges for law enforcement.

Economy

- Possible increases in consumer debt may affect bankruptcy filings.
- Deregulation, economic growth, and globalization are changing the volume and nature of anti-competitive behavior.
- The interconnected nature of the world's economy is increasing opportunities for criminal activity, including money laundering, white-collar crime, and alien smuggling.

Government

- Changes in the fiscal posture or policies of State and local governments could have dramatic effects on the capacity of State and local governments to remain effective law enforcement partners.

Globalization

- Issues of criminal and civil justice increasingly transcend national boundaries, require the cooperation of foreign governments, and involve treaty obligations, multinational environment and trade agreements, and other foreign policy concerns.

Social-Demographic

- The numbers of adolescents and young adults, now the most crime-prone segment of the population, are expected to grow rapidly over the next several years.

The Unpredictable

- The Global War on Terrorism requires continual adjustments to new conditions. The Department is determined to proactively confront new challenges in its effort to protect the Nation.
- Response to unanticipated natural disasters and their aftermath, which require the Department to divert resources in an effort to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, insurance fraud and other crimes.

- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size and complexity of the civil lawsuits they must defend.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Justice, pursuant to the requirements of 31 U.S.C. 3515(b).

While the statements have been prepared from the books and records of the entity in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

PART II Performance Section—FY 2006 Performance Report (Unaudited)

Overview

This section of the document presents to the President, the Congress, and the public a clear picture of how the Department of Justice is working towards accomplishing its mission. The Performance Report provides a summary discussion of the Department's four strategic goals. It also reports on the key measures by detailing the program objective and FY 2006 target and actual performance, as well as whether targets were or were not achieved. Each key measure also includes information related to: data collection and storage, data validation and verification, and data limitations. In addition, this section includes information regarding the Department's progress towards achieving its FY 2008 long-term outcome goals set forth in the FYs 2003-2008 Strategic Plan.

At the Department, performance planning and reporting is companion to the budget process. We recognize that performance information is vital to making resource allocation decisions and should be an integral part of the budget. Our budget and performance integration efforts have included a full budgetary restructuring of all of the Department's accounts to better align strategic goals and objectives with resources. In addition, the Department provides detailed component-specific annual performance plans within individual budget submissions, which also serves as the Department's annual performance plan.

In FY 2006, the Department continued to demonstrate clear management commitment to timely and accurate financial and budget information through the use of Department-wide quarterly status reporting. As the Department continues to develop its capacity to gather and use performance information, we will continue to communicate performance information frequently and effectively. Quarterly status reporting has provided the Department the ability to identify problems early, take necessary corrective actions, develop more effective strategies, allocate necessary resources, and recognize and reward employee performance.

Measuring Departmental Impact

Throughout FY 2006, the Department continued to improve its measures and track the progress of our long-term performance goals. Our long-term performance goals reflect results, not just workload or processes. For example, we have focused law enforcement efforts on disrupting and dismantling targeted criminal groups, such as major drug trafficking organizations. In areas such as litigation, where results-oriented measurement is particularly difficult, we continue to reevaluate our long-term targets to ensure that we are being aggressive enough in our goals for case resolutions for all of our litigating divisions. Many of our long-term measures developed in 2003 were approved during subsequent Program Assessment Rating Tool (PART) evaluations and approved by the OMB as being viable long-term performance measures for the Department's programmatic efforts. This Performance Report provides a status update on our progress made to date against our FY 2008 long-term performance goals for our key measures. In areas where we have already achieved the targets set in FY 2003, we have set new, more ambitious targets based on the programmatic and resource information currently available.

Measuring law enforcement performance presents unique challenges. Success for the Department is highlighted when justice is served fairly and impartially and the public is protected. In many areas, our efforts cannot be reduced to numerical counts of activities. Additionally, trying to isolate the effects of our work from other factors that affect outcomes over which the Department has little or no control presents a formidable challenge. Many factors contribute to the rise and fall of crime rates, including federal, State, local, and tribal law enforcement activities and sociological, economic, and other factors. As a result, we have focused on more targeted indicators of programmatic performance such as those described above.

Measure Refinement, Data Revisions, and Subsequent Year Reporting

Performance measurement is an iterative process. We strive to present the highest-level outcome-oriented measures available. Each year, measures are replaced and refined due to a number of reasons, some of which are outside of the control of the Department. Overall, changes in performance measurement fall into four categories, which we note prior to the title of the measure on the following pages, where appropriate: *Measure Refined* – the display has been modified slightly as better data have become available; *New Measure* – this measure is new to the report; *Title Refined* – the title has been modified for clarity, however, the reported data remains unchanged; and *Discontinued Measure* – this measure is reported for FY 2006 but will not be included in subsequent Department-level plans or reports.

To meet the necessary reporting deadlines, data for this report are compiled less than 30 days after the end of the fiscal year. The Department makes every attempt to fully report the accomplishments that were achieved during the reporting period for each of its 28 key indicators. However, as additional data are available for activities performed during the previous fiscal year and the reported data need to be revised, the subsequent year's report will note where a revision was made to previously reported data. For example, in the pages that follow, data reported in the Department's *FY 2005 Performance and Accountability Report* that have now been revised/updated have been reported as: *FY 2005 Revised Actual*, where appropriate. Also, the Department is unable to report on a limited number of performance measures due to calendar year reporting or other limitations. In those instances, performance for those measures will be reported in the subsequent year's *Performance and Accountability Report*. For example, for performance that occurred in FY 2005, but was not available for reporting as of the publication of the *FY 2005 Performance and Accountability Report* due to calendar year reporting or other limitations, data has now been reported for the first time in the pages that follow.

As described in Part I, the Department began drafting its Strategic Plan for FYs 2007-2012 in May 2006. The upcoming Strategic Plan will unveil the current list of key indicators, which will fully align to current priorities and goals. Just as in the past, long-term outcome goals will be targeted in the Department's annual *Budget and Performance Summary* and reported each year in this report.

As we prepare for the introduction of the 2007-2012 key indicators, the following measures will be discontinued following the FY 2006 Report: Cumulative value of stolen intellectual property [FBI]; Percent reduction in recidivism for the population served by the Re-entry initiative [OJP]; Percent increase in Regional Information Sharing Systems (RISS) Inquiries [OJP]; Number of escapes during confinement (non-federal detention) [OFDT]; Rate of assaults (non-federal detention) [OFDT]; and two of the five priority case categories currently reported by the Executive Office for Immigration Review [EOIR]. A full explanation for their discontinuation is contained, with the relevant measure, in the pages that follow.

I STRATEGIC GOAL 1: Prevent Terrorism and Promote the Nation's Security

14% of the Department's Net Costs support this Goal.

The Department's foremost focus is protecting the Homeland from future terrorist attacks. To ensure attainment of this goal, prevention is our highest priority. The Department has taken, and will continue to take assertive actions to prevent, disrupt, and defeat terrorist operations before they occur by developing knowledge of terrorist organizations and an understanding of their intentions. In order to have the information we need to keep our Nation safe, we are continuing to strengthen and expand our counterintelligence capabilities. The Department is also working hard to ensure that the people that intend to do us harm come to justice. The Department will investigate and prosecute those who have committed, or intend to commit, terrorist acts in the United States.

FY 2008 Outcome Goal: No terrorist acts committed by foreign nationals within U.S. borders
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The FBI is committed to stopping terrorism at any stage, from thwarting those intending to conduct an act of terrorism to investigating the financiers of terrorist operations. All counterterrorism (CT) investigations are coordinated at FBI Headquarters, thereby employing and enhancing a national perspective that focuses on the strategy of creating an inhospitable environment for terrorists.

As the law enforcement component with primary responsibility for the Nation's CT efforts, the FBI must understand all dimensions of the threats facing the Nation and address them with new and innovative investigative and operational strategies. The FBI must be able to effectively respond to the challenges posed by unconventional terrorist methods, such as the use of chemical, biological, radiological, explosive, and nuclear materials. When terrorist acts do occur, the FBI must rapidly identify, locate, and apprehend those responsible. As part of its CT mission, the FBI will continue to combat terrorism by investigating those persons and countries that finance terrorist acts.

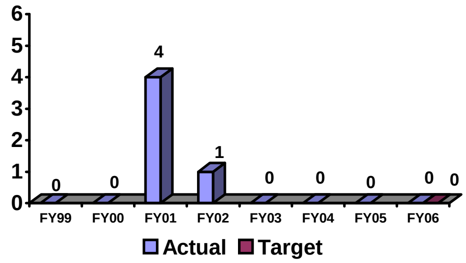
The FBI has also established strong working relationships with other members of the Intelligence Community (IC). From the FBI Director's daily meetings with other IC executives, to regular exchange of personnel among agencies, to joint efforts in specific investigations and in the National Counterterrorism Center, the Terrorist Screening Center, and other multi-agency entities, the FBI and its partners in the IC are now integrated at virtually every level of operations.

Finally, to develop a comprehensive intelligence base, the FBI will employ its Model Counterterrorism Investigative Strategy focusing each terrorist case on intelligence, specifically on identification of terrorist training, fundraising, recruiting, logistical support, and pre-attack planning.

***Performance Measure*:** Terrorist Acts Committed by Foreign Nationals Against U.S. Interests (within U.S. Borders)

FY 2006 Target: 0
FY 2006 Actual: 0

Terrorist Acts Committed by Foreign Nationals Against U.S. Interests (within U.S. Borders)



Data Definitions: Terrorist Acts Committed by Foreign Nationals counts separate incidents that involve the "unlawful use of force and violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives." (28 C.F.R. Section 0.85). For the purposes of this measure, the FBI defines a terrorist act as an attack against a single target (e.g., a building or physical structure, an aircraft, etc.). Acts against single targets are counted as separate acts, even if they are coordinated to have simultaneous impact. For example, each of the September 11, 2001 acts (North Tower of the World Trade Center (WTC), South Tower of the WTC, the Pentagon, and the Pennsylvania crash site) could have occurred independently of each other and still have been a significant terrorist act in and of themselves. The FBI uses the term terrorist incident to describe the overall concerted terrorist attack. A terrorist incident may consist of multiple terrorist acts. The September 11, 2001 attacks, therefore, are counted as four terrorist acts and one terrorist incident.

Data Collection and Storage: The reported numbers were compiled through the expert knowledge of FBI counterterrorism senior management at headquarters.

Data Validation and Verification: See above.

Data Limitations: The decision to count or discount an incident as a terrorist act, according to the above definition, is subject to change based upon the latest available intelligence information and the opinion of program managers. In addition, acts of terrorism, by their nature, are impossible to reduce to uniform, reliable measures. A single defined act of terrorism could range from a small-scale explosion that causes property damage to the use of a weapon of mass destruction that causes thousands of deaths and massive property damage and has a profound effect on national morale.

Discussion: The CT program worked on many investigations during FY 2006 that contributed to the accomplishment of this goal, some of which are detailed below:

The investigation of Sami Al-Arian proved that he was involved in providing material support to the terrorist group Palestinian Islamic Jihad (PIJ). In 2006, Al-Arian, a former professor at the University of South Florida, pled guilty and admitted that he performed services for the PIJ in 1995 and thereafter, even though he knew that the PIJ had been designated by President Clinton as a terrorist organization. Al-Arian also acknowledged that he knew the PIJ used acts of violence as a means to achieve its objectives. Nevertheless, Al-Arian continued to assist the terrorist organization by filing official paperwork to obtain immigration benefits for PIJ associate Bashir Nafi and concealing the terrorist associations of various individuals associated with the PIJ. He further admitted to assisting PIJ associate Mazen al-Najjar in a federal court proceeding in which al-Najjar and Nafi both falsely claimed under oath that they were not associated with the PIJ. Moreover, Al-Arian acknowledged that in late 1995, when Ramadan Shallah, co-conspirator and former director of Al-Arian's "think tank," the World and Islam Studies Enterprise (WISE) was named as the new Secretary General of the PIJ, Al-Arian falsely denied to the media that he knew of Shallah's association with the PIJ. Sami Al-Arian was convicted of conspiracy to make or receive contributions of funds, goods or services to or for the benefit of the PIJ and admitted he provided material support to the PIJ for terrorist attacks that killed hundreds in Israel and the Palestinian Territories. His associate, Hatim Fariz, also pled guilty to violation of the International Emergency Economic Powers Act (IEEPA) statute. Another associate, Sameeh Hammoudeh, was sentenced for other criminal charges related to their provision of material support for the PIJ and was deported in 2006. Al-Arian was sentenced to 46 to 57 months in prison based on a five-year maximum statutory sentence and will be deported upon completion of his prison sentence.

The Liberation Tigers of Tamil Eelam (LTTE), a U.S. Department of State-designated foreign terrorist organization, has been under investigation by the FBI since March 2000. A Newark cooperating witness (CW) has penetrated the top echelon of a LTTE cell operating in the New Jersey/New York area and is highly regarded by the LTTE. This cell controls all LTTE operations in North America. Members of the LTTE cell, by direction of senior LTTE leaders in Sri Lanka, requested the CW's assistance in four separate matters: the bribery of U.S. Department of State officials, purchase of classified information, weapons procurement, and immigration smuggling. In 2006, the case was designated as a Major Case, consisting of 65 investigations involving 20 field divisions and 6 Legal Attaches. This Major Case has allowed the FBI to gather criminal evidence and intelligence on LTTE cadre, to include members of mid-to-upper echelon leadership, operating in the United States and overseas. The FBI has employed a variety of sophisticated investigative techniques; 588 CW consensual recordings; Title III interception of 2 subjects' telephone numbers and three subjects' e-mail accounts; and 15 criminal search warrants on email accounts used by the subjects. In August 2006, the FBI initiated a take-down in this Major Case and arrested 12 LTTE operatives in the United States engaged in weapons procurement, alien smuggling, fund-raising, bribery of United States public officials, and attempts to purchase classified information. Approximately 10 searches and over 40 interviews of suspected LTTE operatives and organizations were conducted in the United States during this timeframe. With assistance from the Royal Canadian Mounted Police and New Scotland Yard, two additional LTTE operatives were arrested in Canada and searches are anticipated in the United Kingdom. The FBI anticipates that cooperation from those arrested and interviewed, along with evidence obtained from the execution of search warrants, will produce a second wave of arrests. Arrests stemming from the takedown of this Major Case will severely disrupt communications, fund-raising, procurement, and alien smuggling efforts of LTTE cadre in the United States and overseas. This operation is a direct result of the FBI's ability to evolve and fuse complex intelligence gathering with law enforcement capabilities to disrupt future acts of terrorism.

II

STRATEGIC GOAL 2: Enforce Federal Laws and Represent the Rights and Interests of the American People

35% of the Department's Net Costs support this Goal.

The heart of the Department of Justice's mission is to enforce federal laws and represent the rights and interests of the American people. The enforcement of federal laws assists societal safety by combating economic crime and reducing the threat, trafficking, use, and related violence of illegal drugs. Through the enforcement of our laws, we protect the rights of the vulnerable by reducing the threat, incidence, and prevalence of violent crime, including crimes against children, and upholding the civil and constitutional rights of all Americans. Additionally, the Justice Department enforces federal civil and criminal statutes, including those protecting rights, safeguarding the environment, preserving a competitive market structure, defending the public fisc against unwarranted claims, and preserving the integrity of the Nation's bankruptcy system.

FY 2008 Outcome Goal: Dismantle a cumulative total (FY 2003-2008) of 139 organized criminal enterprises
FY 2006 Progress: The Department is on target to achieve this long-term goal. The baseline was established with the Department's FY 2002 Program Assessment Rating Tool (PART) review of this program. The current cumulative total towards long-term goal (since FY 2002) is 122 dismantlements.

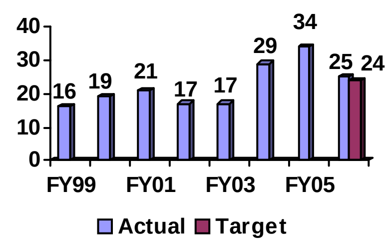
Background/Program Objectives: The FBI's investigative subprograms that focus on criminal enterprises involved in sustained racketeering activities and that are mainly comprised of ethnic groups with ties to Asia, Africa, Middle East, and Europe are consolidated into the Organized Criminal Enterprise Program. Organized criminal enterprise investigations, through the use of the Racketeering Influenced Corrupt Organization statute, target the entire entity responsible for the crime problem. With respect to groups involved in racketeering activities, the FBI focuses on: the La Cosa Nostra, Italian and Balkan Organized Crime groups, and Russian/Eastern European/Eurasian, Middle Eastern, and Asian criminal enterprises. Additionally, the FBI investigates Nigerian/West African criminal enterprises that are involved in a myriad of criminal activities.

Performance Measure: TITLE REFINED: Number of Organized Criminal Enterprises Dismantled (*Formerly* Number of Transnational Criminal Enterprise Dismantlements)

FY 2005 Revised Actual: 34 (Previous Actual: 28)
FY 2006 Target: 24
FY 2006 Actual: 25

Discussion: The Organized Criminal Enterprises program met its performance targets for FY 2006. The notable accomplishments are: The leader of an African criminal enterprise was sentenced to five years of confinement and three years of supervised release, as well as being ordered to pay nearly $62,000 in restitution for operating an illegal money transfer business in Newark, New Jersey. The enterprise employed numerous individuals who collected money, opened bank accounts, made cash deposits, and

TITLE REFINED: Number of Organized Criminal Enterprises Dismantled



Data Definition: <u>Dismantlement</u> means destroying the targeted organization's leadership, financial base, and supply network such that the organization is incapable of operating and/or reconstituting itself.

Data Collection and Storage: The data source is the FBI's Integrated Statistical Reporting and Analysis Application (ISRAA) database that tracks accomplishments from inception to closure.

Data Validation and Verification: Before data are entered into the system, they are reviewed and approved by an FBI field manager. The data are subsequently verified through the FBI's inspection process. Inspections occur on a two to three year cycle. Using statistical sampling methods, data are traced back to source documents contained in FBI files.

Data Limitations: FBI field personnel are required to enter accomplishment data within 30 days of the accomplishment or a change in the status of an accomplishment, such as those resulting from appeals. Data for this report are compiled less than 30 days after the end of the fiscal year, and thus may not fully represent the accomplishments during the reporting period.
FY 2005 data subject to this limitation were revised during FY 2006.

conducted wire transfers. Money was illegally deposited in amounts less than $10,000 to avoid filing currency transaction reports. The money was then wire transferred overseas to accounts located in 13 different countries.

Several Asian criminal enterprises were dismantled in different divisions. One such enterprise, involved in the distribution of Methylenedioxymethamphetamine tablets (a.k.a. "Ecstasy"), methamphetamine, marijuana, and cocaine, was dismantled by the FBI's Norfolk Division. The United States Government indicted and successfully convicted 23 named conspirators in that case. Another enterprise involved in illegal prostitution was dismantled by the FBI's Chicago Division. In that investigation, 13 subjects were sentenced and nearly $3 million in forfeiture judgments was entered. Similarly, the FBI's Detroit Division dismantled another group engaged in illegal prostitution, as well as alien smuggling.

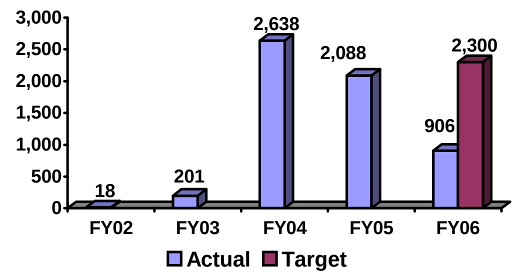
Revised FY 2008 Outcome Goal: Shut down a cumulative total (FY 2003-2008) of 11,819 websites or web hosts
FY 2006 Progress: Although the FY 2006 target was missed, the Department is on target to achieve this long-term goal. The current cumulative total towards long-term goal (since FY 2003) is 5,833.

Background/Program Objectives: Facilitation of crimes against children through the use of a computer and the Internet is a national crime problem that is growing dramatically. The Innocent Images National Initiative (IINI), a component of the FBI's Cyber Crimes Program, is an intelligence-driven, proactive, multi-agency investigative initiative to combat the proliferation of child pornography and/or child sexual exploitation facilitated by online computers. The mission of the IINI is to: identify, investigate, and prosecute sexual predators who use the Internet and other online services to sexually exploit children; identify and rescue child victims; and establish a law enforcement presence on the Internet as a deterrent to subjects who seek to exploit children.

Performance Measure: Number of Child Pornography Websites or Web Hosts Shut Down
FY 2006 Target: 2,300
FY 2006 Actual: 906

Discussion: The FBI missed its FY 2006 target for this measure; however, revised data to be reported in January 2007 should result in the FY 2006 actual results being closer to the FY 2006 target figure.

Number of Child Pornography Websites or Web Hosts Shut Down



Data Collection and Storage: The data source is a database maintained by FBI personnel detailed to the National Center for Missing and Exploited Children, as well as statistics derived by the FBI's Cyber Division's program personnel.

Data Validation and Verification: Data are reviewed and approved by FBI Headquarters program personnel.

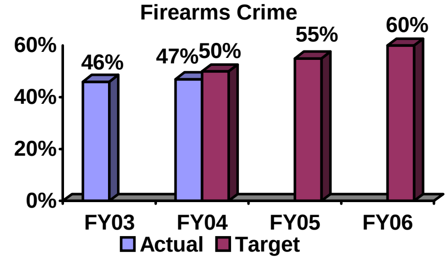
Data Limitations: Data for this report are compiled less than 30 days after the end of the fiscal year, and thus may not fully represent the accomplishments during the reporting period. Information based upon reporting of locates and convictions are necessary for compilation of some of these statistics.

The FBI has recently engaged with other organizations in a broad initiative to combat child pornography. Twenty-four of the world's most prominent financial institutions and Internet industry leaders have joined with the FBI, Bureau of Immigration and Customs Enforcement, and the National Center for Missing & Exploited Children in the fight against Internet child pornography. The group is called the Financial Coalition Against Child Pornography and includes law enforcement, leading banks, credit card companies, third party payment companies, and Internet services companies. The Coalition seeks to jointly support law enforcement in its efforts to identify, investigate, and eradicate for-profit child pornography websites by working together to ensure online payment options to obtain child pornography are minimized.

FY 2008 Outcome Goal: Ensure that 80% of high-crime cities with an ATF presence demonstrate a reduction in violent firearms crime (FY 2003-2008)
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The ATF enforces the federal firearms laws and regulations and provides support to federal, State, and local law enforcement officials in their fight against violent crime. The issue of firearms-related violent crime is not a simple problem to combat. It is fueled by a variety of causes that vary from region to region. Common elements, however, do exist. Chief among these is the close relationship between firearms violence and the unlawful diversion of firearms out of commerce and into the hands of prohibited individuals. To break this link, ATF has the lead federal law enforcement role in the Administration's Project Safe Neighborhoods (PSN) program. The PSN program includes a comprehensive and integrated set of programs involving the vigorous enforcement of the firearms laws, regulation of the firearms industry, and community outreach and prevention efforts. Through PSN, ATF partners with domestic and international law enforcement agencies and prosecutors at all levels to develop comprehensive enforcement plans. These plans focus on the arrest and prosecution of violent offenders, prohibited possessors of firearms, firearms traffickers, and others who illegally attempt to acquire firearms. Under the Violent Crime Impact Team (VCIT) concept, ATF works with local task forces to target the 'worst of the worst' criminals in local communities, with a particular emphasis on gang violence; providing leadership to the law enforcement community by making specialized resources and training available to help solve violent crimes and identify firearms trafficking trends (e.g., training in advanced firearms investigative techniques, use of firearms tracing, and automated ballistics comparison); ensuring that only qualified applicants enter the regulated firearms industry by employing appropriate screening procedures prior to licensing; ensuring industry compliance with the Gun Control Act, the National Firearms Act, and the Arms Export Control Act; partnering with schools, law enforcement, community organizations, the firearms industry, and others to facilitate educational efforts aimed at reducing firearms violence; and educating the public and the firearms industry about ATF policies, regulations and product safety.

Percent of High-Crime Cities Demonstrating a Reduction in Violent Firearms Crime



Data Definitions: This measure reflects reductions in violent firearms crime (i.e., murders, assaults, and robberies) in high-crime cities where ATF has a presence. High-crime cities are defined as cities with an ATF presence that have 1,000 or more murders, assaults or robberies per 100,000 population. The ATF presence is defined as the existence of an ATF field or satellite office in the identified city. The measure is intended to show the change in crime resulting from ATF activities over a period of time.

Data Collection and Storage: Data are obtained from the Federal Bureau of Investigation's (FBI) Uniform Crime Report (UCR) database.

Data Validation and Verification: Data are validated by the FBI. The ATF does not validate the FBI's report since these data are published and widely accepted. These data are not available for two years from the calendar year cited. The measure is intended to show the change in crime resulting from ATF activities over a period of time.

Data Limitations: Data are obtained from the FBI UCR database, and they are not available for two years from the calendar year cited; therefore, CY 2003 data became available in FY 2005 and CY 2004 data will become available in FY 2006. Since ATF was a bureau within the Department of the Treasury in FY 2002, ATF is not reporting any measure prior to FY 2003.

Performance Measure: Percent of High-Crime Cities (with an ATF presence) Demonstrating a Reduction in Violent Firearms Crime

FY 2004 Target: 50%
FY 2004 Actual: 47%
FY 2005 Target: 55%
FY 2005 Actual: Data are obtained from the Federal Bureau of Investigation's (FBI) Uniform Crime Report (UCR) database, and they are not available for two years from the end of the calendar year.

FY 2006 Target: 60%
FY 2006 Actual: Data are obtained from the FBI's UCR database, and they are not available for two years from the end of the calendar year.

Discussion: Crime data for 2004 revealed that ATF did not meet the goal established with regards to impacting firearms violence in targeted violent cities across America. There are many factors beyond the control of law enforcement (i.e., economic factors and other nationwide trends) and emerging challenges that can affect violent firearms crime rates in any given geographic area from which this measure is derived. While this performance goal was not met, ATF in partnership with other law enforcement agencies, continues to have an impact on violent firearms crime and will continue to deploy proven strategies to reach the established goals in the future. To achieve the performance goals outlined for future years, as well as the long-term goals, ATF will depend on a strategy balanced between incremental increases in personnel and the maximization of resources through the leveraging of partnerships, technology, and expertise. ATF has placed VCITs in eight of the cities where violent firearms crime did not improve relative to the national average: Baton Rouge, Camden, Hartford, Houston, Los Angeles, Richmond, Tulsa, and Washington, DC. Preliminary data from local police departments indicates that the teams have been successful in reducing homicides, and ATF expects that—over the next several years—they will have an effect on overall violent firearm crime.

FY 2008 Outcome Goal: Achieve a 10% reduction in the supply of illegal drugs available for consumption in the United States (using a 2002 baseline)
FY 2006 Progress: The Department is not on target for the achievement of this long-term goal. Delays in establishing baselines have impacted progress in this area. Baseline data for heroin, marijuana, and cocaine were collected; however, more data sets are required before reliable methodologies for calculating baselines for long-term reduction can be established. Additionally, neither baseline data nor a reliable methodology has been established with respect to methamphetamine.

***Background/Program Objectives*:** Measuring reduction in the drug supply is a complex process because supply reduction is a reflection of a number of factors. Drug seizures, eradication efforts, precursor chemical interdictions, cash and asset seizures, increased border/transportation security, international military operations, social and political forces, climatic changes, and even natural disasters all impact the drug supply at any given time. The Department's strategy focuses on incapacitating entire drug networks by targeting their leaders for arrest and prosecution, by disgorging the profits that fund the continuing drug operations, and eliminating the international supply sources. These efforts ultimately have a lasting impact upon the flow of drugs in the United States, although the results are not easily measurable in a single year. Accordingly, the Department is unable to set interim goals; however, we remain focused on achieving a long-term reduction in the supply of illegal drugs and have reexamined our approach related to this goal and set realistic milestones in the Department's FY 2007-2012 Strategic Plan.

Discussion: The Office of National Drug Control Policy (ONDCP), in consultation with the Department, continues to develop baseline estimates for the United States illegal drug supply. Baseline supply estimates were prepared for heroin, marijuana, and cocaine; however, the Department concluded that initial supply estimates were based on methodologies that did not yield sufficiently precise figures to form the reliable methodologies necessary for calculating baselines. Additionally, neither baseline data nor a reliable methodology has been established with respect to methamphetamine. The ONDCP continues to work on developing reliable estimates with respect to these drugs.

Revised FY 2008 Outcome Goal: Dismantle 540 CPOT-linked drug trafficking organizations (FY 2003-2008)
Revised FY 2008 Outcome Goal: Disrupt 1,120 CPOT-linked drug trafficking organizations (FY 2003-2008)
FY 2006 Progress: Although the Department missed its FY 2006 target, the Department is on target for the achievement of this long-term goal. Current cumulative total towards long-term goals (since FY 2003) are 267 dismantlements and 608 disruptions.

Background/Program Objectives: The DOJ focuses its drug law enforcement efforts on reducing the availability of drugs by disrupting and dismantling the largest drug supply and related money laundering networks operating internationally and domestically, including those on the Attorney General's Consolidated Priority Organization Target (CPOT) List. The first CPOT List was issued in September 2002 and is reviewed and updated bi-annually. The List identifies the most significant international drug trafficking and money laundering organizations and those primarily responsible for the Nation's drug supply. The Attorney General has designated the Organized Crime Drug Enforcement Task Force (OCDETF) Program as the centerpiece of DOJ's drug supply reduction strategy. The Program coordinates multi-agency and multi-jurisdictional investigations targeting the most serious drug trafficking threats. The OCDETF Program functions through the efforts of the USAs; elements of the Department's Criminal and Tax Divisions; the investigative, intelligence, and support staffs of the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI); the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); the United States Marshals Service (USMS); U.S. Immigration and Customs Enforcement; the U.S. Coast Guard; and the Internal Revenue Service. The OCDETF agencies also partner with numerous state and local law enforcement agencies. The goal of each OCDETF investigation is to determine connections among related investigations nationwide in order to identify and dismantle the entire structure of the drug trafficking organizations, from international supply and national transportation cells, to regional and local distribution networks. A major emphasis of the Department's drug strategy is to disrupt financial dealings and to dismantle the financial infrastructure that supports these organizations. OCDETF has the greatest impact upon the flow of drugs through this country when it successfully incapacitates the entire drug network by targeting and prosecuting its leadership and seizing the profits that fund continued operations.

Performance Measure: CPOT-Linked Drug Trafficking Organizations Disrupted and Dismantled

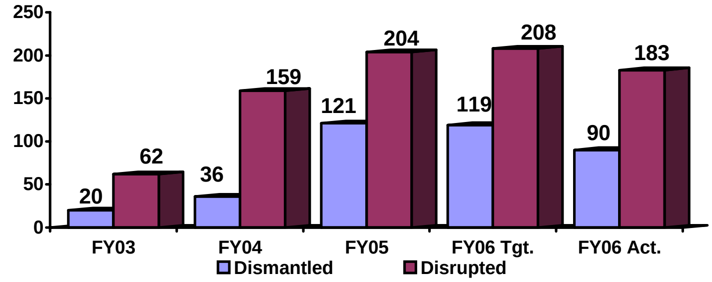
FY 2005 Revised Actuals:
Disrupted: 204
Dismantled: 121
(Previous Actual: Disrupted: 202; Dismantled: 119)

FY 2006 Target:
Disrupted: 208
Dismantled: 119

FY 2006 Actual:
Disrupted: 183
Dismantled: 90

Discussion: The Department did not meet its targets for disrupting and dismantling CPOT-linked drug trafficking organizations in FY 2006. It is difficult to accurately predict how many disruptions and dismantlements of CPOT-linked organizations will occur in a given fiscal year because these statistics are inherently volatile from year to year. While the Department did not meet the expected target in FY 2006, it still achieved significant results against these CPOT-linked organizations and demonstrated an improvement over FY 2004. Specifically, in FY 2006 the Department achieved a 15% increase over FY 2004 disruptions and a 150% increase over FY 2004 dismantlements.

CPOT-Linked Drug Trafficking Organizations Disrupted and Dismantled



Data Definition: An organization is considered linked to a CPOT, if credible evidence exists (i.e., from corroborated confidential source information, phone tolls, Title III intercepts, financial records, or other similar investigative means) of a nexus between the primary target of the investigation and a CPOT target. The nexus need not be a direct connection to the CPOT, so long as a valid connection exists to a verified associate or component of the CPOT organization. Disrupted means impeding the normal and effective operation of the targeted organization, as indicated by changes in the organizational leadership and/or changes in methods of operation, including, for example, financing, trafficking patterns, communications or drug production. Dismantled means destroying the organization's leadership, financial base and supply network such that the organization is incapable of operating and/or reconstituting itself.

Data Collection and Storage: Investigations are identified as linked to a particular CPOT organization either at the time of initiation or immediately after the connection is discovered. Once the link is verified, a specific code or other identifier is assigned to the investigation. Accordingly, data on this performance measure may lag behind the actual identification of a link by the investigating agency. The investigation then is tracked within the agency's internal case tracking systems, as well as within the OCDETF management information system, as a "CPOT-linked" investigation.

Data Validation and Verification: The CPOT List is reviewed and updated bi-annually by OCDETF's Operations Chiefs Committee; chaired by the OCDETF Director and includes senior representatives from all participating OCDETF agencies. Each OCDETF agency has an opportunity, twice a year, to nominate targets to the List for consideration by OCDETF's CPOT Working Group (made up of mid-level managers from participating agencies), which provides a recommendation to the Operations Chiefs on whether or not specific targets should be added to/deleted from the List. Based upon the recommendations of the Working Group, the OCDETF Operations Chiefs discuss the proposed organizations and make a determination on whether identified organizations will be added to/deleted from the List.

Once an organization is added to the List, OCDETF participants may identify individual OCDETF investigations as linked to a particular CPOT. The validity of these links is reviewed through OCDETF's field management structure (OCDETF District and Regional Coordination Groups) to determine if sufficient information/evidence exists to substantiate the reported link. The validity of the links is confirmed through a review of relevant databases and intelligence information maintained by DEA, FBI and other OCDETF-member agencies. Following the field review, all CPOT-links are reviewed by the OCDETF Executive Office to confirm that sufficient justification has been provided substantiating a reported link. In instances where OCDETF reporting does not clearly substantiate a link, reports are sent back to the reporting agency's headquarters for follow-up. The OCDETF Executive Office "un-links" any investigation without sufficient justification supporting the connection between a particular CPOT and the target/organization under investigation by the agency. When evaluating law enforcement's success in disrupting/dismantling CPOT-linked organizations during the year, OCDETF relies upon information reported by the relevant U.S. Attorney's Office and verifies that a disruption/dismantlement has occurred with the headquarters of the investigating agency.

Data Limitations: Investigations of CPOT-level organizations and related networks are complex and time-consuming, and the impact of disrupting/dismantling such a network may not be immediately apparent. Accordingly, data on this measure may lag behind actual enforcement activity by the investigating agency. It is also possible that a particular CPOT-linked organization may be disrupted in one FY and subsequently dismantled in a later year. For example, a significant number of organizations disrupted during the current FY remain under investigation, as law enforcement seeks to permanently destroy their ability to operate.

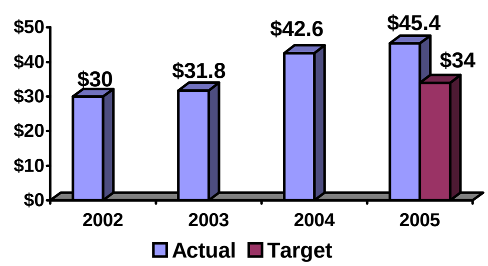
Investigations of these sophisticated organizations are typically multi-year endeavors and significant progress can be achieved in a given year without any dismantlement or disruption statistic being attained. Moreover, the Department began tracking CPOT-links in FY 2003 and does not have a significant history with the CPOT process by which to inform the establishment of annual targets. The FY 2006 targets were revised substantially upward as a consequence of the actual results reported in FY 2005. Indeed, FY 2005 results represented a 28% increase over FY 2004 disruptions and a 236% increase over FY 2004 dismantlements. At the time the targets were established there was concern expressed within the Department as to whether or not the actual results reported in FY 2005 would continue into FY 2006. However, the FY 2005 actuals were the best indicator the Department had at the time for establishing the FY 2006 targets.

FY 2008 Outcome Goal: Limit the cumulative value (FY 2003-2008) of stolen intellectual property to $190 billion
FY 2006 Progress: The Department is on target for the achievement of this long-term goal; however, due to the difficulty in gathering reliable data from external sources, the measure has been discontinued as of September 30, 2006. The baseline was established with the Department's FY 2003 Program Assessment Rating Tool (PART) review of this program. Current cumulative total towards long-term goal is $120.1 billion.

Background/Program Objectives: Intellectual property rights (IPR) violations affect U.S. competitiveness and economic viability. The combined U.S. copyright industries and derivative businesses account for more than $626 billion, or nearly 6% of the total United States economy in FY 2006. Theft of trade secrets violations are the most significant intellectual property crime because defense secrets can be compromised and entire sectors of the United States economy can be affected. According to private industry associations that track IPR losses, software piracy, including both computer and entertainment industry software, is the second most significant intellectual property crime, causing an estimated loss of 105,000 jobs in the computer software industry alone in 2002, and $6 billion in lost tax revenue. In 2004, lost tax revenue was estimated at $13 billion.

The FBI focuses its resources on IPR violations that have the most impact on national security, namely the theft of trade secrets. Because IPR violations perpetrated in an organized manner have the largest impact on security and industry, the FBI uses the enterprise theory of investigation to build intelligence on enterprises in order to map, and then dismantle, operations related to theft of trade secrets and software piracy. The FBI centralizes some IPR undercover operations to allow headquarters-driven management of multi-jurisdictional international and domestic cases.

DISCONTINUED MEASURE: Value of Stolen Intellectual Property ($ billions)



Data Collection and Storage: The FBI obtains data from private industry associations (i.e., Motion Picture Association of America, Recording Industry Association of America, Business Software Alliance and Entertainment Software Association), to estimate the value amount of lost IPR property.

Data Validation and Verification: The FBI relies upon the validity and the reliability of industry sources for these data.

Data Limitations: The FBI does not receive data on a periodic basis from industry sources, nor does it receive it on a fiscal year basis. The estimates that the FBI can use in its reports on IPR losses are sometimes based on incomplete or dated information from these industry sources.

Performance Measure: DISCONTINUED MEASURE: Value of Stolen Intellectual Property
CY 2005 Target: $34 billion
CY 2005 Actual: $45.4 billion

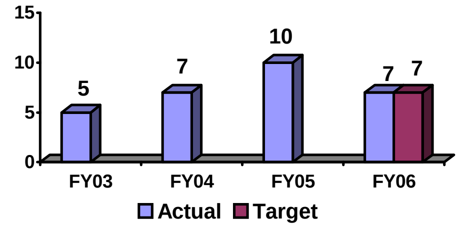
Discussion: The Department is discontinuing this performance measure in its 2007-2012 Strategic Plan and in future performance reports. Economic data for this measure were only available from industry sources and on a calendar year basis.

FY 2008 Outcome Goal: Neutralize a cumulative total (FY 2003-2008) of 35 top-ten Internet fraud targets
FY 2006 Progress: The Department is on target to achieve this long-term goal. The baseline was established with the Department's FY 2003 Program Assessment Rating Tool (PART) review of this program. Current cumulative total towards long-term goal is 29 top-ten Internet fraud targets neutralized.

Background/Program Objectives: Internet fraud is any scam that uses one or more components of the Internet to present fraudulent solicitations to prospective victims, conduct fraudulent transactions, or transmit the proceeds of fraud to financial institutions or others that are connected with the scheme. Identity theft and Internet auction fraud are problems that plague millions of U.S. victims, and the threat of illegitimate on-line pharmacies exposes the American public to unregulated and often dangerous drugs.

The FBI and National White Collar Crime Center partnered in May 2000 to support the Internet Crime Complaint Center (IC3). For victims of Internet crime, IC3 provides a convenient and easy way to alert authorities of a suspected violation. For law enforcement and regulatory agencies, IC3 offers a central repository for complaints related to Internet crime, uses the information to quantify patterns, and provides timely statistical data of current trends. In addition, the FBI uses synchronized, nationwide takedowns (i.e., arrests, seizures, search warrants, and indictments) to target the most significant perpetrators of on-line schemes.

Number of Top-Ten Internet Fraud Targets Neutralized



Data Collection and Storage: The data source is a record system maintained by the IC3. The list of targets is updated each year.

Data Validation and Verification: Targets are determined by subject matter expert teams at the IC3 and approved by the Unit Chief. The IC3 staff maintains the list and determines when a target has been the subject of a take-down.

Data Limitations: None known at this time.

Performance Measure: Number of Top-Ten Internet Fraud Targets Neutralized
FY 2006 Target: 7
FY 2006 Actual: 7

Discussion: The FBI met its FY 2006 target for this measure. This measure will be revised next year, and will instead read as "Number of High-Impact Internet Fraud Targets Neutralized." Some notable cases in FY 2006 involved the aftermath of the Hurricane Katrina disaster in September 2005. As a result of Internet fraud perpetrators attempting to capitalize on the disaster, the IC3 took the initiative to review and analyze potentially fraudulent websites. Approximately 96 referrals were sent to the field. As a result of one of these referrals, the FBI's Miami Division opened an investigation on the case of airkatrina.com and worked with the Economic Crimes Section at the U.S. Attorney's Office. The subject, Gary Kraser, received over $39,000 from 51 donors. Kraser claimed the donations were going to be used to purchase jet fuel for pilots who were donating their time and airplanes to deliver supplies/operate relief flights from Florida to New Orleans. Kraser admitted he did not have a pilot's license, that no rescue missions were made, and he was spending the money for personal use. Kraser was sentenced on May 5, 2006, on one count of wire fraud for 21 months in jail and 2 years of supervised release.

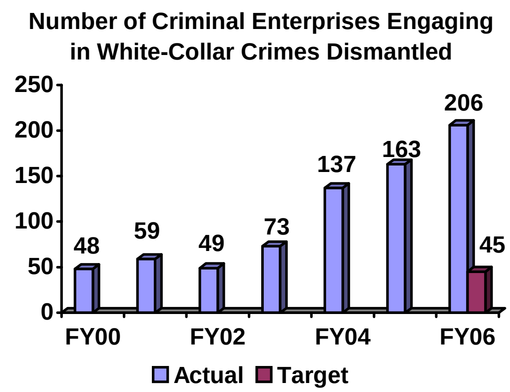
Revised FY 2008 Outcome Goal: Dismantle a cumulative total (FY 2003-2008) of 518 criminal enterprises engaging in white-collar crime
FY 2006 Progress: The baseline was established with the Department's FY 2003 Program Assessment Rating Tool (PART) review of this program. Current cumulative total towards long-term goal is 579 dismantlements of criminal enterprises engaging in white-collar crime. Despite revising the 2008 outcome target in the FY 2005 PAR, the FBI has already achieved the revised long-term outcome goal as of the close of FY 2006. New long-term goals for this measure will be established with the issuance of the Department's FY 2007-2012 Strategic Plan.

Background/Program Objectives: Through the White-Collar Crime (WCC) Program, the FBI investigates criminals and criminal enterprises that seek illicit gains through fraud and guile. Among the illegal activities investigated are: health care fraud, financial institution fraud, government fraud (e.g., housing, defense procurement, and other areas), insurance fraud, securities and commodities fraud, telemarketing fraud, bankruptcy fraud, environmental crimes, and money laundering.

U.S. citizens and businesses lose billions of dollars each year to criminals engaged in non-violent fraudulent enterprises. The globalization of economic and financial systems, technological advances, declining corporate and individual ethics, and the sophistication of criminal organizations has resulted in annual increases in the number of illegal acts characterized by deceit, concealment, or violations of trust. The loss incurred as a result of these crimes is not merely monetary. These crimes also contribute to a loss of confidence and trust in financial institutions, public institutions, and industry.

Performance Measure: Number of Criminal Enterprises Engaging in White-Collar Crimes Dismantled

> ***FY 2005 Revised Actual:*** 163 (Previous Actual: 143)
> ***FY 2006 Target:*** 45
> ***FY 2006 Actual:*** 206



Data Definition: Dismantlement means destroying the organization's leadership, financial base, and supply network such that the organization is incapable of operating and/or reconstituting itself.

Data Collection and Storage: The data source is the FBI's ISRAA database. The database tracks statistical accomplishments from inception to closure.

Data Validation and Verification: Before data are entered into the system, they are reviewed and approved by an FBI field manager. They are subsequently verified through the FBI's inspection process. Inspections occur on a two to three year cycle. Using statistical sampling methods, data in ISRAA are tracked back to source documents contained in FBI files.

Data Limitations: FBI field personnel are required to enter accomplishment data within 30 days of the accomplishment or a change in the status of an accomplishment, such as those resulting from appeals. Data for this report are compiled less than 30 days after the end of the fiscal year, and thus may not fully represent the accomplishments during the reporting period.
FY 2005 data subject to this limitation were revised during FY 2006.

Discussion: Reallocation of available resources continues to impact WCC investigations since the events of September 11, 2001, and may have an effect on future WCC dismantlements. However, Criminal Investigative Division program managers suspect that the upward trend reported for WCC dismantlements in recent years may be partially due to more diligent reporting of these types of accomplishments.

On May 25, 2006, former Enron chiefs Kenneth Lay and Jeffrey Skilling were convicted on multiple charges in connection with the bankruptcy of Enron Corporation in December 2001. Lay was convicted on all counts of conspiracy, wire fraud, bank fraud, false statements, and securities fraud charged against him, although his convictions were abated due to his later death. Skilling was convicted on 19 of 28 counts against him, including conspiracy, securities fraud, false statements, and insider trading. The Enron collapse resulted in the loss of thousands of jobs and billions of dollars in investments and retirement savings. The Enron investigation is considered the most sophisticated and extensive white-collar criminal probe in history, and has produced convictions of 19 people to date, besides Lay.

FY 2008 Outcome Goal: Favorably resolve 90% of Criminal Cases (litigating divisions)
FY 2008 Outcome Goal: Favorably resolve 80% of Civil Cases (litigating divisions)
FY 2006 Progress: The Department is on target to achieve this long-term goal.

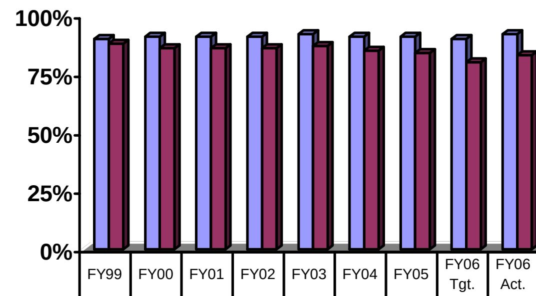
Background/Program Objectives: Goal Two of the Department's Strategic Plan describes the role of the Department as the Nation's chief litigator: representing the United States Government in court, enforcing federal civil and criminal statutes, including those protecting civil rights, safeguarding the environment, preserving a competitive market structure, and defending the public fisc against unwarranted claims. The Department's efforts fall into two general categories: criminal litigation and civil litigation.

Performance Measure: Percent of Cases Favorably Resolved

FY 2006 Target:
Criminal Cases: 90%
Civil Cases: 80%
FY 2006 Actual:
Criminal Cases: 92%
Civil Cases: 83%

Discussion: The Department exceeded its goal of resolving cases in favor of the government. Favorable resolutions punish and deter violations of the law; ensure the integrity of federal laws and programs; and prevent the government from losing money through unfavorable settlements or judgments. This success rate would not be possible without strong partnerships among the Department of Justice and other federal, State, and local investigators and prosecutors, bolstered by dedicated support staffs.

Percent of Cases Favorably Resolved



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06 Tgt.	FY06 Act.
Criminal	90%	91%	91%	91%	92%	91%	91%	90%	92%
Civil	88%	86%	86%	86%	87%	85%	84%	80%	83%

Criminal **Civil**

Data Definition: Cases favorably resolved includes those cases that resulted in court judgments favorable to the government, as well as settlements. For merger cases, favorably resolved data includes: abandoned mergers, mergers "fixed," or mergers with consent decrees. Non-merger cases favorably resolved also includes instances where practices changed after the investigation and complaints filed with consent decrees. The data set includes non-appellate litigation cases closed during the fiscal year.

Data Collection and Storage: Data is captured within each component's automated case management system and companion interface systems.

Data Validation and Verification: Each component implements their individual methodology for verifying data; however, in general, case listings and reports are reviewed by attorney managers for data completeness and accuracy on a routine basis. Batch data analysis and ad hoc reviews are also conducted.

Data Limitations: Data quality suffers from the lack of a single DOJ case management system and a standardized methodology for capturing case related data. Due to the inherent variation in data collection and management among litigating divisions, cases may refer to cases or individuals. In addition, due to reporting lags, case closures for any given year may be under or over-reported. To remedy these issues, the Department is currently developing a Litigating Case Management System to standardize methodologies between the components and capture and store data in a single database.

Further, Criminal Division data for FYs 1999 through 2002 are estimates. Actual data are not available due to technical and policy improvements that were not implemented until FY 2003.

Lastly, USA data does not include information for the month of September 2005 for the Eastern District of Louisiana due to Hurricane Katrina.

Revised FY 2008 Outcome Goal: Return 58% of assets/funds to creditors in Chapter 7 cases
Revised FY 2008 Outcome Goal: Return 86% of assets/funds to creditors in Chapter 13 cases
FY 2006 Progress: The Department is on target to achieve this long-term goal. The Department's FY 2005 Program Assessment Rating Tool (PART) review of this program led to the setting of more aggressive targets for both Chapter 7 and 13 cases through 2008.

Background/Program Objectives: The U.S. Trustee Program (USTP) was established nationwide in 1986 to separate the administrative functions from the judicial responsibilities of the bankruptcy courts and to bring accountability to the bankruptcy system. The USTP acts as the "watchdog" of the bankruptcy system and ensures that parties comply with the law and that bankruptcy estate assets are properly handled. The USTP appoints Trustees who serve as fiduciaries for bankruptcy estates and administer cases filed under Chapter 7 and Chapter 13. The U.S. Trustee regulates and monitors the activities of these private trustees and ensures their compliance with fiduciary standards. To promote the effectiveness of the bankruptcy system and maximize the return to creditors, the Department targets and reports the percent of assets/funds returned to creditors.

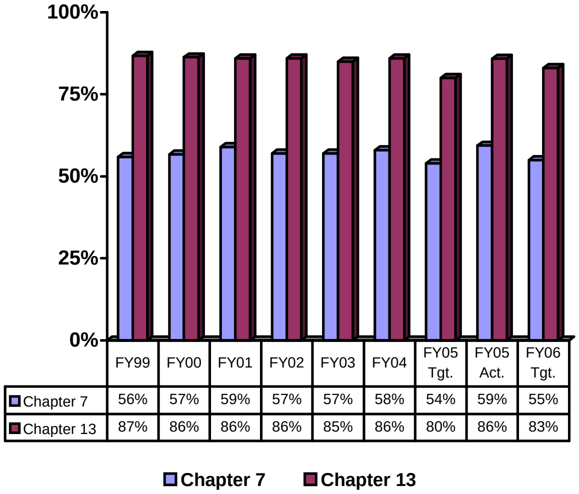
Performance Measure: Percent of Assets/Funds Returned to Creditors for Chapter 7 and Chapter 13

FY 2005 Target: Chapter 7: 54%
Chapter 13: 80%
FY 2005 Actual: Chapter 7: 59%
Chapter 13: 86%
FY 2006 Target: Chapter 7: 55%
Chapter 13: 83%
FY 2006 Actual: Data not available until January 2007 for Chapter 7 and April 2007 for Chapter 13 because of the need to audit data submitted by private trustees prior to reporting.

Discussion: In FY 2005, the USTP exceeded its target by following-up on deficiencies, ensuring that old cases were closed promptly, and by initiating action when private trustees failed to comply with their obligations. By reducing the amount of fraud and abuse in the system, the USTP's civil enforcement and related efforts resulted in potential additional returns to creditors of $878 million in FY 2005.

Under normal circumstances, the Program would re-evaluate its previously published out-year targets to determine if more aggressive targets are appropriate. However, implementation of the recently enacted Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect October 17, 2005, interjects a high degree of uncertainty regarding future operating performance. The USTP will reassess its targets after additional data are available.

Percent of Assets/Funds Returned to Creditors for Chapter 7 and Chapter 13



Data Definition: Chapter 7 bankruptcy proceedings are those where assets that are not exempt from creditors are collected and liquidated (reduced to money). Chapter 7 percentages are calculated by dividing the disbursements to secured creditors, priority creditors, and unsecured creditors by the total disbursements for the fiscal year. In Chapter 13 cases, debtors repay all or a portion of their debts over a three to five year period. Chapter 13 percentages are based on the Chapter 13 audited annual reports by dividing the disbursements to creditors by the total Chapter 13 disbursements.

Data Collection and Storage: The data are collected on an annual or semi-annual basis. For Chapter 7 cases, the USTP receives trustee distributions reports as part of the Final Account on each Chapter 7 case closed during the year. The Chapter 7 data are aggregated on a nationwide basis and reported twice a year in January and July. Chapter 13 data are gathered from the standing Chapter 13 trustees' annual reports on a fiscal year basis.

Data Validation and Verification: Data on these annual reports are self-reported by the trustees. However, each trustee must sign the reports certifying their accuracy. In Chapter 7 cases, independent auditors periodically review the annual reports, in addition to the USTP's on-site field examinations. Additionally, USTP Field Office staff review the trustee distribution reports. The Field Office and Executive Office staff perform spot checks on the audited reports to ensure that the coding for the distributions is accurate. They also verify whether there have been any duplicate payments. Finally, the USTP conducts biannual performance reviews for all Chapter 7 trustees. In Chapter 13 cases, independent auditors must audit each report. This indirectly provides an incentive for trustees to accurately report data. In addition, the Executive Office staff proofs the combined distribution spreadsheet to ensure that the amounts stated are what is reported in the audit reports.

Data Limitations: Out-year performance cannot be accurately projected, as the USTP has no reliable method of calculating the disbursements of future bankruptcy cases. Additionally, data are not available until January (Chapter 7) and April (Chapter 13) following the close of the fiscal year because of the need to audit data submitted by private trustees prior to reporting.

III

STRATEGIC GOAL 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence

19% of the Department's Net Costs support this Goal.

To provide leadership in the area of crime prevention and control, the Department continually searches for ways to strengthen the criminal and juvenile justice capabilities of State, local, and tribal governments. The Department improves the Nation's capacity in this area through the administration of formula and discretionary criminal and juvenile justice grant programs, training, technical assistance, collecting statistics, and testing and evaluating new programs and technologies. Illegal drugs can add a major criminal element to a community; to help break the cycle of this social problem the Department provides drug-related resources in prevention and treatment. Further, we also ensure the right of its citizens by providing safeguards to protect the rights of crime victims and promote programs that help resolve racial tension.

Revised FY 2008 Outcome Goal: Reduction in Recidivism (from 2% in FY 2004 to 1.5% in FY 2008) for the Population served by the Re-entry Initiative
FY 2006 Progress: The Department is on target to achieve this long-term goal; however, this measure has been discontinued as of September 30, 2006.

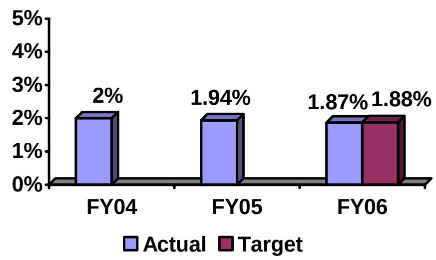
Background/Program Objectives: The Serious and Violent Offender Re-entry Initiative is a comprehensive effort that addresses both juvenile and adult populations of serious, high-risk offenders. Implemented in 2002, the initiative provides funding to state correction departments to develop, implement, enhance, and evaluate re-entry strategies that will ensure the safety of the community and the reduction of revocation by serious and violent criminals. The Office of Justice Programs (OJP) joined with other federal partners to create a multifaceted approach which builds a continuum of care and accountability beginning from the period of incarceration and continuing to the offender's release into the community.

Performance Measure: DISCONTINUED MEASURE: Reduction in recidivism rate (from 2% in FY 2004 to 1.5% in FY 2008) for the population served by the Re-entry Initiative

> ***FY 2006 Target:*** 1.88% or a 3% reduction from the 2004 baseline
> ***FY 2006 Actual:*** 1.87% or a 3.5% reduction from the 2004 baseline (504 recidivating offenders/14,477 total offenders)

Discussion: The Department has discontinued this measure as of September 30, 2006. The targeted recidivism rate was slightly exceeded due to a larger population of offenders reaching the Phase 3 part of the program. Individuals reaching this phase have completed the various treatment and service elements of the program.

DISCONTINUED MEASURE: Reduction in recidivism for the population served by the Re-entry Initiative



Data Definition: Recidivism is defined as the number of criminal acts committed by offenders from the target population that result in conviction, or return to prison with or without a new sentence.

The Re-entry Program is divided into three Phases. Phase 1: Protect and Prepare (Institution-based Programs): Prepares offenders to re-enter society. Services are provided to include education, mental health and substance abuse treatment, mentoring, and full diagnostic and risk assessment. Phase 2: Control and Restore (Community-based Transition Programs): Work with offenders prior to and immediately following their release from correctional institutions. Services provided in this phase will include: education, monitoring, mentoring, like skills training, assessment, job skills development, and mental health and substance abuse treatment, as appropriate. Phase 3: Sustain and Support (Community-based Long-term Support Programs): Connects individuals who have left the supervision of the justice system with a network of social services agencies and community-based organizations to provide on-going services and mentoring relationships.

Data Collection and Storage: Grantees will report performance measure data via the semi-annual progress report that resides in the Grants Management System (GMS).

Data Validation and Verification: Data are validated and verified through internal desk reviews and on-site monitoring conducted by OJP grant managers.

Data Limitations: None known at this time.

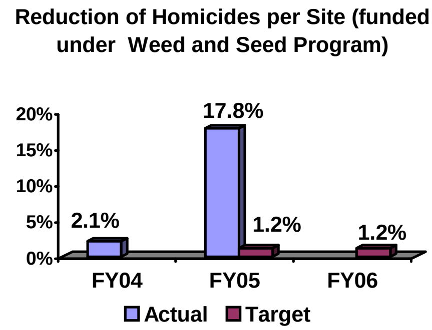
FY 2008 Outcome Goal: Reduce homicides at Weed and Seed Program sites by 5% (as calculated from the first year to the fourth year of the program)
FY 2006 Progress: The Department is on target to achieve this long-term goal, in fact, the OJP has exceeded its established long-term outcome goal as of the reporting of 2005 data. Current cumulative total towards long-term goal (since FY 2004) is 19.9%. New long-term goals for this measure have been established and will be introduced with the issuance of the Department's FY 2007-2012 Strategic Plan.

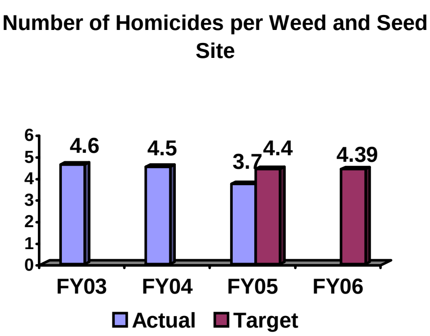
Background/Program Objectives: The Community Capacity Development Office's (CCDO) Weed and Seed program strategy assists communities in establishing strategies that link federal, State, and local law enforcement and criminal justice efforts with private sector and community efforts. It assists communities in "weeding out" violent crime, gang activity, drug use, and drug trafficking in targeted neighborhoods and then "seeding" the targeted areas with programs that lead to social and economic rehabilitation and revitalization. In addition to the weeding and seeding aspects of the strategy, the Weed and Seed sites engage in community policing activities that foster proactive police-community engagement and problem solving.

Performance Measure: Reduction of Homicides per Site (funded under the Weed and Seed Program)

> ***FY 2005 Target:*** 4.4 homicides per site (1.2% reduction in homicides per site from FY 2004 baseline)
> ***FY 2005 Actual:*** 3.7 homicides per site (17.8% reduction in homicides per site from FY 2004 baseline)
> ***FY 2006 Target:*** 4.39 homicides per site (1.2% reduction in homicides per site from FY 2004 baseline)
> ***FY 2006 Actual:*** Data for this measure is collected on a calendar year basis and will be available in early 2007.

Discussion: The baseline for this measure uses FY 2003 reported data of 4.5 homicides per site. The actual figure in FY 2005 was approximately 3.7 homicides per site, which amounts to a 17.8% reduction from the 2004 data thus achieving the established goal.





Data Collection and Storage: The CCDO's grantees report performance measure data via a standard report required on an annual basis. The report is made available in GMS.

Data Validation and Verification: The CCDO's Weed and Seed program validates and verifies performance measures through site visits and follow-up phone calls conducted by the Justice Research and Statistics Association and by the Weed and Seed office's Federal Bureau of Investigation (FBI) Fellows. Additionally, homicide statistics obtained by jurisdiction are verified against the Uniform Crime Report published annually by the FBI. Discrepancies in these reports are followed up for possible explanations, such as reporting system changes or errors.

Data Limitations: Data for this measure are reported by CCDO grantees on a calendar year cycle.

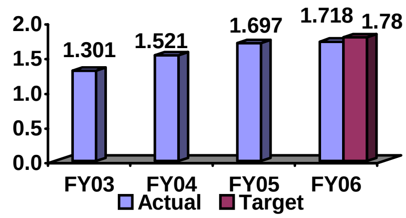
FY 2008 Outcome Goal: Increase Regional Information Sharing Systems (RISS) inquiries
NOTE: This measure was too new to establish a long-term goal in the Strategic Plan; however, it was identified as a key measure for the Department and was reported accordingly. The Department discontinued this measure as of September 30, 2006.

Background/Program Objectives: The Office of Justice Program's Regional Information Sharing Systems (RISS) program is a nationwide communications and information-sharing network that serves more than 7,000 law enforcement member agencies from the 50 states, the District of Columbia, the US territories, Canada, Australia, and the United Kingdom. Member agencies benefit from services that focus on regional criminal activity, coupled with the secure technological capability to exchange information internationally. Traditionally, RISS has provided information-sharing services in the form of criminal intelligence databases and an investigative lead-generating electronic bulletin board, analytical services, investigative support, specialized equipment loans, and technical assistance.

Performance Measure: DISCONTINUED MEASURE: Percent Increase in RISS Inquiries

FY 2006 Target: 1.78 million inquiries (5% increase over FY 2005 actual)
FY 2006 Actual: 1.2% above the FY 2005 actual (1,717,987 inquiries)

DISCONTINUED MEASURE: Percent Increase in RISS Inquiries (millions)



Data Collection and Storage: Data are collected and maintained by the Institute for Intergovernmental Research (IIR) within the RISS center criminal intelligence database. The database is populated via progress reports submitted quarterly to IIR by each of the RISS centers.

Data Validation and Verification: The IIR conducts periodic onsite reviews and validation of center backup data of the progress reports. There is also a hard copy paper trail at the RISS centers and at IIR that tracks the data submitted to the Bureau of Justice Assistance.

Data Limitations: None known at this time.

Discussion: The Department has discontinued this measure as of September 30, 2006. The RISS program missed its target of 5%, primarily due to the Western States Information Network (WSIN) converting from the California RISSNET II system to RISSIntel (which had been used by the five other RISS centers). In addition, RISS has been in the process of revising and upgrading the RISSIntel software application. Both the conversion and the application upgrades represent significant progress for RISS, allowing all the centers to operate using the same intelligence database application (RISSIntel). Although the conversion is complete and the application upgrades are underway, some technical issues exist that may affect how the statistics are captured and reported. These issues are being addressed by technical staff at RISS.

FY 2008 Outcome Goal: Percent reduction in DNA backlog
NOTE: This measure was too new to establish a long-term goal in the Strategic Plan; however, it was identified as key measure for the Department and is reported accordingly.

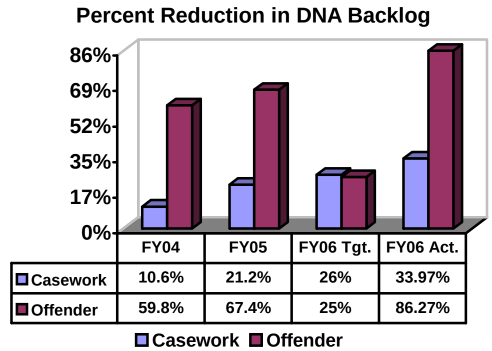
Background/Program Objectives: The DNA Backlog Reduction program exists to reduce the convicted offender DNA backlog of samples (i.e., physical evidence taken from a convicted offender, such as blood or saliva samples) awaiting analysis and entry into the FBI's Combined DNA Index System (CODIS). Reducing the backlog of DNA samples is crucial in supporting a comprehensively successful CODIS, which can solve old crimes and prevent new ones from occurring. Funds are targeted toward the forensic analysis of all samples identified as urgent priority samples (e.g., samples for homicide and rape/sexual assault cases) in the current backlog of convicted offender DNA samples. Due to ongoing legislative changes in qualifying offenses enacted at the State level (i.e., the addition of classes of offenses from which samples can be collected), the total population of samples collected is constantly growing.

Performance Measure: Percent Reduction in DNA Backlog

FY 2006 Target: Casework: 26%
Convicted Offender: 25%

FY 2006 Actual: Casework: 33.97%
Convicted Offender: 86.27%

Discussion: The target of 26% casework; 25% offender was exceeded due to three major factors: 1) increased funding for the convicted offender program allowed NIJ to fund more samples for DNA analysis than previously anticipated in FY 2006; 2) increased demand from States for convicted offender DNA sample analysis funding; and 3) improvements in DNA analysis technology, which has reduced the weighted per case analysis costs for the casework program allowing forensic laboratories to analyze more samples with less money. Issues affecting out-year predictions include, but are not limited to: available funding, the number of states applying for funding, and expansion of State and federal laws to cover additional categories of offenders.



Data Definition: <u>Casework formula:</u> OJP computes this measure by calculating the cumulative number of backlogged DNA cases funded for analysis and divides it by the total number of backlogged DNA cases as reported in the *National Forensic DNA Study Report Final Report*, by the Division of Governmental Studies and Services Washington State University and Smith Alling Lane. The 2003 study provided DNA casework backlog data which included both cases that had not been submitted to forensic laboratories by law enforcement agencies as well as DNA cases that were in State and local forensic laboratories awaiting analysis. The cumulative number of backlogged DNA cases funded divided by the total number of reported backlogged DNA cases (as reported by Smith Alling Lane Study). <u>Convicted offender formula</u>: OJP computes this measure by calculating the annual sum of backlogged convicted offender samples funded for analysis through OJP's in-house and outsourcing programs and then dividing by the Reported National convicted offender DNA sample backlog as reported by states for that year. Annual total of backlogged convicted offender samples funded for analysis is divided by the reported annual backlog of convicted offender samples from participating states.

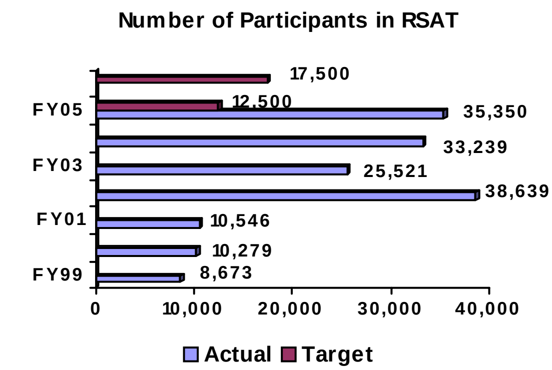
Data Collection and Storage: Data for this measure are collected by the program manager and are maintained in office files.

Data Validation and Verification: NIJ validates and verifies performance measures through monthly and quarterly progress reports from state and vendor laboratories.

Data Limitations: None known at this time.

FY 2008 Outcome Goal: Increase the number of participants in the Residential Substance Abuse Treatment (RSAT) Program
NOTE: This measure was too new to establish a long-term goal in the Strategic Plan; however, it was identified as key measure for the Department and is reported accordingly.

***Background/Program Objectives*:** The Residential Substance Abuse Treatment (RSAT) program formula grant funds may be used to implement four types of programs. For all programs, at least 10% of the total State allocation is made available to local correctional and detention facilities (provided such facilities exist) for either residential substance abuse treatment programs or jail-based substance abuse treatment programs as defined below.



Data Collection and Storage: Program managers obtain data from reports submitted by grantees, telephone contact, and on-site monitoring of grantee performance.

Data Validation and Verification: Data are validated and verified through a review by program managers.

Data Limitations: Statutorily mandated calendar year reporting requirement.

The four types of programs are: 1) residential substance abuse treatment programs, which provide individual and group treatment activities for offenders in residential facilities that are operated by State correctional agencies; 2) jail-based substance abuse programs, which provide individual and group treatment activities for offenders in jails and local correctional facilities; 3) post release treatment component, which provides treatment following an individual's release from custody; and 4) an aftercare component, which requires States to give preference to subgrant applicants who will provide aftercare services to program participants. Aftercare services must involve coordination between the correctional treatment program and other human service and rehabilitation programs, such as education and job training, parole supervision, halfway houses, self-help, and peer group programs that may aid in rehabilitation.

***Performance Measure*:** Number of Participants in RSAT

FY 2005 Target: 12,500
FY 2005 Actual: 35,350

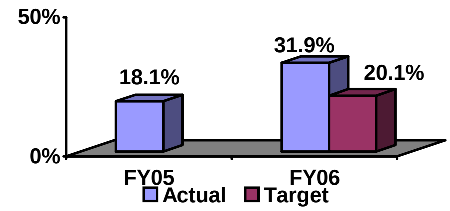
FY 2006 Target: 17,500
FY 2006 Actual: FY 2006 data will be available in early 2007.

Discussion: The 2005 target was established considering that there were no appropriations for the program in 2004, and the expectation that little, if any, funding would be available in 2005. However, the program was funded in 2005, with an expanded program focus encompassing additional services and broadened eligibility with the criminal justice community. These two factors combined allowed greater outreach and higher than expected results.

FY 2008 Outcome Goal: Percent increase in the graduation rate of program participants in the Drug Courts program
NOTE: This measure was too new to establish a long-term goal in the Strategic Plan; however, it was identified as key measure for the Department and is reported accordingly.

Background/Program Objectives: According to the National Crime Victimization Survey (NCVS) published in 2002, there were 5.3 million violent victimizations of residents age 12 or older. Victims of violence were asked to describe whether they perceived the offender to have been drinking or using drugs. About 29% of the victims of violence reported that the offender was using drugs, or drugs in combination with alcohol. These facts demonstrate that the need for drug treatment services is tremendous. The OJP has a long history of providing drug-related resources to its constituencies in an effort to break the cycle of drugs and violence by reducing the demand, use and trafficking of illegal drugs. The drug court movement began as a community-level response to reduce crime and substance abuse among criminal justice offenders. This approach integrated substance abuse treatment, sanctions, and incentives with case processing to place non-violent drug-involved defendants in judicially supervised rehabilitation programs. The OJP's Drug Court Program was established in 1995 to provide financial and technical assistance to States, State courts, local courts, units of local government and Indian tribal governments to establish drug treatment courts. Since 1989, more than 1,000 jurisdictions have established or are planning to establish a drug court. Currently, every State either has a drug court or is planning a drug court.

TITLE REFINED: Increase in the Graduation Rate of Drug Courts Program Participants



Data collection and storage: Program managers obtain data from reports submitted by grantees, telephone contact, and on-site monitoring of grantee performance.

Data validation and verification: Data are validated and verified through a review of grantee support documentation by program managers.

Data Limitations: None known at this time.

Performance Measure: TITLE REFINED: Increase in the Graduation Rate of Drug Courts Program Participants (*Formerly* Percent Increase in the Graduation Rate of Drug Courts Program Participants)

> ***FY 2006 Target:*** 20.1% graduation rate (2% increase over FY 2005 established baseline)
> ***FY 2006 Actual:*** 31.9% graduation rate (318 is the number of graduates over 997 total number of participants in the Drug Court program). This represents a 13.8% increase over 2005 established baseline.

Discussion: The target was exceeded due to additional drug courts becoming operational during this reporting period.

IV STRATEGIC GOAL 4: Ensure the Fair and Efficient Operation of the Federal Justice System

32% of the Department's Net Costs support this Goal.

An integral role of the Department of Justice is to help in the administration of our federal justice system. To ensure the goal of the fair and efficient operation of our federal system, the Department must provide for a proper federal court proceeding by protecting judges, witnesses, and other participants in federal proceedings, ensure the appearance of criminal defendants for judicial proceedings or confinement, and ensure the apprehension of fugitives from justice. The Department also provides safe, secure, and humane confinement of defendants awaiting trial and/or sentencing and those convicted and sentenced to prison. In order to improve our society and reduce the burden on our justice system, the Department provides services and programs to facilitate inmates' successful reintegration into society, consistent with community expectation and standards. Additionally, the Department strives to adjudicate all immigration cases promptly and impartially in accordance with due process.

FY 2008 Outcome Goal: Ensure that no judicial proceedings are interrupted due to inadequate security
FY 2006 Progress: The Department is on target to achieve this long-term goal.

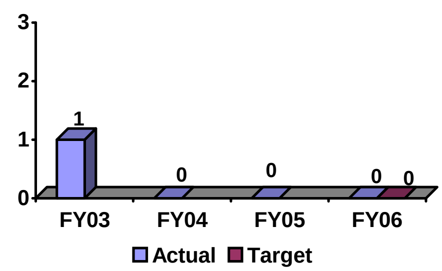
Background/Program Objectives: The USMS maintains the integrity of the judicial security process by: 1) ensuring that each federal judicial facility is secure – physically safe and free from any intrusion intended to subvert court proceedings; 2) guaranteeing that all federal, magistrate, and bankruptcy judges, prosecutors, witnesses, jurors, and other participants have the ability to conduct uninterrupted proceedings; 3) maintaining the custody, protection and safety of prisoners brought to court for any type of judicial proceeding; and 4) limiting opportunities for criminals to tamper with evidence or use intimidation, extortion, or bribery to corrupt judicial proceedings. The number of interrupted judicial proceedings due to inadequate security reflects proceedings that require either removal of the judge from the courtroom or the addition of USMS Deputy Marshals to control a situation.

Performance Measure: Number of Judicial Proceedings Interrupted Due To Inadequate Security

FY 2006 Target: 0
FY 2006 Actual: 0

Discussion: In FY 2006 the USMS met its target of zero interrupted proceedings through its continued efforts to provide adequate security for the federal judicial system. By accomplishing all aspects of our judicial mission, from screening entry into courthouses to continually updating security equipment, the USMS is able to achieve its objectives.

Number of Judicial Proceedings Interrupted Due to Inadequate Security



Data Definition: An <u>interruption</u> occurs when a judge is removed as a result of a potentially dangerous incident and/or where proceedings are suspended until the USMS calls on additional deputies to guarantee the safety of the judge, witness, and other participants.

Data Collection and Storage: The USMS uses Weekly Activity Reports and Incident Reports collected at Headquarters as the data source.

Data Validation and Verification: Before data are disseminated via reports, they are checked and verified by the program managers. These reports are collected manually.

Data Limitations: This measure was not tracked or reported until FY 2003.

FY 2008 Outcome Goal: Apprehend or clear 51% or 105,512 fugitives
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The USMS has primary jurisdiction to conduct and investigate fugitive matters involving escaped federal prisoners, probation, parole, bond default violators, warrants generated by DEA investigations, and certain other related felony cases. The USMS has maintained its own 15 Most Wanted fugitives list since 1983. Additionally, the USMS sponsors interagency fugitive task forces throughout the United States, focusing its investigative efforts on fugitives wanted for crimes of violence and drug trafficking.

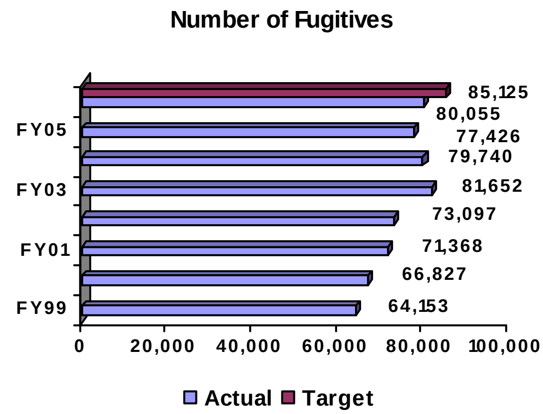
Major Case fugitives are the highest priority fugitives sought by the USMS and consist of all fugitives connected with the USMS 15 Most Wanted and Major Case Programs. Fugitive investigations are designated as Major Cases according to: 1) the seriousness of the offenses charged; 2) the danger posed by the fugitive to the community; 3) the fugitive's history of violence, career criminal status, or status as a major narcotics distributor; 4) the substantial regional, national, or international attention surrounding the fugitive investigation; and/or 5) other factors determined by the USMS.

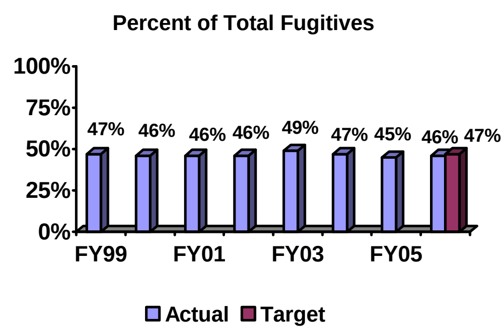
On the international front, the USMS has become the primary American agency responsible for extraditing fugitives wanted in the United States from foreign countries. The USMS also apprehends fugitives within the United States who are wanted abroad.

In support of its fugitive mission, the USMS provides investigative support such as telephone monitoring, electronic tracking, and audio-video recording. In addition, analysts provide tactical and strategic expertise as well as judicial threat analysis. The USMS maintains its own central law enforcement computer system, the Warrant Information Network (WIN), which is instrumental in maintaining its criminal investigative operations nationwide.

In addition, the USMS is able to enhance fugitive investigative efforts through data exchanges with other agencies, such as the Social Security Administration, the DEA, the Departments of Agriculture, Defense, and State, and a variety of State and local task forces around the country.

Federal Fugitives Apprehended or Cleared





Data Definition: Fugitives Cleared consists of those cases that the USMS has successfully completed all aspects of closure and has removed from the active and outstanding records. This definition holds true in cases where we do or do not have primary apprehension responsibility.

Data Collection and Storage: Data are maintained in the WIN system. WIN data are entered by USMS Deputy Marshals. Upon receiving a warrant, the USMS Deputy Marshals access the National Crime Information Center (NCIC) through WIN to look for previous criminal information. WIN data are stored centrally at USMS Headquarters, are accessible to all 94 judicial districts, and are updated as new information is collected.

Data Validation and Verification: Data are verified by a random sampling of NCIC records generated by the FBI. USMS Headquarters coordinates with district offices to verify that warrants are validated against the signed paper records. USMS Headquarters then forwards the validated records back to NCIC.

Data Limitations: These elements of data are accessible to all 94 judicial districts and are updated as new information is collected. There may be a lag in the reporting of data.

Performance Measure: Federal Fugitives Cleared or Apprehended

FY 2006 Target: 47% or 85,125

FY 2006 Actual: 46% or 80,055

Discussion: The USMS was unable to meet its total fugitives and percent cleared targets due to a shift of investigative FTE to violent fugitive apprehension, a reduction in misdemeanor cases received, and increased State and local fugitive apprehension efforts.

While the USMS did not reach its 2006 federal fugitive performance target, it has continued to increase the overall number of fugitives, including State and local, brought to justice. The six operating Regional Fugitive Task Forces (RFTF), in addition to the 85 district task forces, are directing their investigative efforts toward reducing the number of violent crimes. These crimes include terrorist activities, organized crime, drugs, and gang violence. A recent Office of the Inspector General review of the fugitive apprehension program recommended that the USMS focus more attention on clearing violent fugitives. Because of this change in investigative direction, the USMS continued to shift resources away from misdemeanor backlogged fugitive cases, which negatively affected the total number and percent of fugitives cleared.

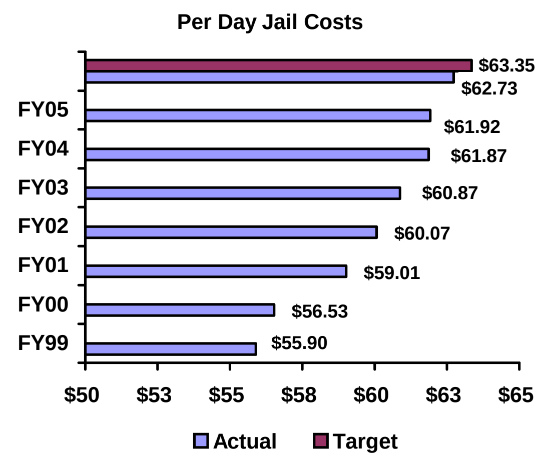
The USMS' RFTFs and district task forces provide participating State and local agencies a way to track down their most violent fugitives across the United States, its territories, and into foreign countries. As a result of the USMS' involvement in State and local cases through the RFTFs and other USMS-led task forces, State and local cases cleared by USMS task forces have risen by 6% from FY 2005 to FY 2006. Additionally, from FY 2005 to FY 2006, the number of misdemeanor cases received decreased by almost 3,000. This affected the ability of the USMS to meet case clearance targets because backlog cases were more difficult to clear than newly received cases.

Revised FY 2008 Outcome Goal: Maintain a per-day jail (federal detention) cost below $66.13
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The Office of the Federal Detention Trustee's (OFDT) mission is to manage and regulate the federal detention programs and Justice Prisoner Alien Transportation System (JPATS) by establishing a secure and effective operating environment that drives efficient and fair expenditure of appropriated funds.

The DOJ acquires detention bed space to house pretrial detainees through reimbursable Intergovernmental Agreements (IGAs) with State and local governments and contracts with private vendors. The BOP supplements these agreements and contracts by providing limited federal detention space for pretrial detainees particularly in large metropolitan areas. As the need for detention space increases for all federal partners, the mix of BOP, IGA, and private facilities changes. In addition, OFDT is ever mindful of the impact of maintaining available detention space in key locations. For example, the decreasing availability of detention bed space, particularly in or near court cities, seriously impacts the USMS' ability to produce prisoners for trial, judicial proceedings, legal hearings, and meetings with attorneys.

Ensuring safe, secure, and humane confinement for federal detainees is critically important. Considering the large number of facilities (over 1,900) in use, as well as the different types of facilities, requires detention standards to address the variance between federal, State, and local government, and privately owned and managed facilities. To ensure compliance, federal contract vehicles will be written or modified to reflect Federal Performance-Based Detention Standards, and private contractor performance evaluation and compensation will be based on their ability to demonstrate alignment with the standards. In addition, OFDT's Quality Assurance Review Program ensures that the safe, secure, and humane confinement criteria are met, as well as addressing Congress' concerns for public safety as it relates to violent prisoners (e.g., Interstate Transportation of Dangerous Criminals Act, also known as Jenna's Act).



Data Definition: Per Day Jail Cost is actual price paid (over a 12-month period) by the USMS to house federal prisoners in non-federal detention facilities. Average price paid is weighted by actual day usage at individual detention facilities.

Data Collection and Storage: Data are maintained in 94 separate district Prisoner Tracking System (PTS) databases. This information is downloaded monthly into a USMS Headquarters database, where it is maintained. Jail rate information is maintained in the database and is updated when changes are made to contractual agreements.

Data Validation and Verification: Monthly population data are validated and verified (for completeness, correct dates, trends, etc.) by USMS Headquarters before being posted to the database. Jail rate information is verified and validated against actual jail contracts.

Data Limitations: PTS is very time and labor intensive. Lack of a real-time centralized system results in data that is close to six weeks old before it is available at a national level.

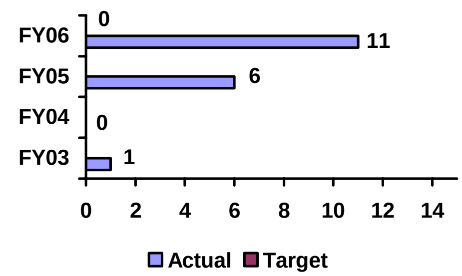
Performance Measure: Per Day Jail Costs

FY 2005 Revised Actual: $61.92 (Previous Actual: $61.78)
FY 2006 Target: $63.35
FY 2006 Actual: $62.73

Discussion: In FY 2006, OFDT held the per day jail (federal detention) cost below the targeted level. This was achieved through an enterprise approach to securing detention space, well-managed contract efforts, as-well-as the pursuit of successful detention alternatives.

FY 2008 Outcome Goal: Ensure that there are no escapes during confinement in federal detention
FY 2006 Progress: Although the FY 2006 target was missed, the Department is on target for the achievement of this long-term goal. The performance measures related to OFDT's efforts were examined with the Department's FY 2006 Program Assessment Rating Tool (PART) review of this program. As a result of that review, the Department discontinued this measure as of September 30, 2006.

DISCONTINUED MEASURE: Number of Escapes During Confinement in Federal Detention



Data Collection and Storage: Data are collected in the Warrant Information Network (WIN), which is maintained by the USMS.

Data Validation and Verification: USMS staff verifies data monthly based on a random selection from the FBI's National Crime Information System.

Data Limitations: Data collected in the WIN do not delineate between escapes from detention and incarceration. OFDT has an administrative role in reporting data from the USMS to the Department.

Background/Program Objectives: Approximately 320,000 persons are detained on an average annual basis in over 1,900 local government and private detention facilities. Prior to entering into an agreement with a local government facility, or a contract with a private facility, the USMS and OFDT (respectively) conduct a thorough inspection to confirm that effective security measures in are place to protect the public. These inspections are the first step to prevent an escape and include: review of the staff to inmate ratio, condition of the facility, prior history of incidents in the facility, security features, control of contraband procedures, inmate accountability procedures, and inmate monitoring procedures. Facilities are then re-inspected on a period basis to ensure they continue to meet DOJ detention standards and conditions of confinement, including 24-hour supervision and adequate security staff.

Even with such precautionary measures, occasionally escapes do occur. When they do occur, the USMS is alerted and the escapee is "recaptured" within a relatively short period of time. A thorough investigation is then conducted that results in a set of corrective actions to prevent further incidents. Finally, the USMS and OFDT monitor the facility to ensure corrective measures are implemented expeditiously.

Performance Measure: DISCONTINUED MEASURE: Number of Escapes During Confinement in Federal Detention

FY 2006 Target: 0
FY 2006 Actual: 11

Discussion: The Department has discontinued this measure as of September 30, 2006, because the data were collected by the programmatic efforts of other entities. During OFDT's FY 2006 PART assessment, OMB agreed that OFDT's mission is administrative in nature and the performance measures under their responsibility should reflect this mission.

In FY 2006, there were 11 escapes from detention custody. Three detainees escaped from local jails, one from a medical facility, and one during transportation. All five of these escapees were "recaptured" within a relatively short period of time. The remaining six escapes occurred at the East Hidalgo Detention Center, Hidalgo, TX. The escapes appeared to be coordinated and occurred when a guard did not properly secure man-trap doors that separated the prisoner area from the pod lobby. Two of the escapees exited through these doors. After overpowering a guard, they summoned the four other escapees in possession of a cell phone and wire cutters smuggled into the facility. Using the wire cutters, the six escapees cut through four electric (900Volt) fences while a fifth fence was cut through with the help of an accomplice believed to be notified via the cell phone. The individuals jumped into a waiting vehicle driven by the accomplice and are believed to have fled to Mexico.

FY 2008 Outcome Goal: Limit the rate of assaults in federal detention facilities
NOTE: This measure was too new to establish a long-term goal in the Strategic Plan. The performance measures related to OFDT's efforts were examined with the Department's FY 2006 Program Assessment Rating Tool (PART) review of this program. As a result of that review, the Department discontinued this measure as of September 30, 2006.

Performance Measure: DISCONTINUED MEASURE: Rate of Assaults (Federal Detention)
FY 2006 Target: Re-establish baseline
FY 2006 Actual: Baseline not established

Discussion of Accomplishments: The Department has discontinued this measure as of September 30, 2006, because the data were collected by the programmatic efforts of other entities. During OFDT's FY 2006 PART assessment, OMB agreed that OFDT's mission is administrative in nature and the performance measures under their responsibility should reflect this mission.

In FY 2006, OFDT did not complete efforts to establish a baseline. However, OFDT has a newly implemented Quality Assurance Review program that is now capturing this information. The OFDT will continue to examine its data definitions for defining assaults and refine reporting information via a contract with the Criminal Justice Institute.

DISCONTINUED MEASURE: Rate of Assaults (Federal Detention)

Data Collection and Storage: Data are reported by the Jail Inspector on the Detention Facility Investigative Report (USM 216).

Data Validation and Verification: Jail Inspector verifies data when reported by facility.

Data Limitations: The OFDT must rely on state and local facilities to report assaults. Additionally, the definition of assaults varies by facilities.

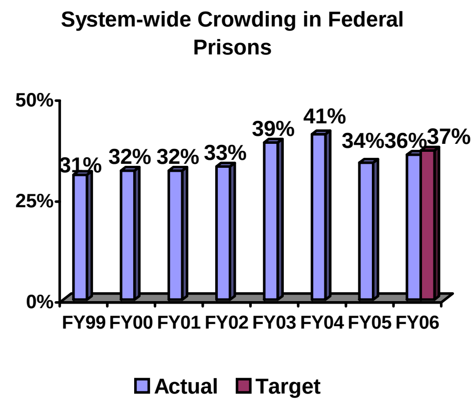
FY 2008 Outcome Goal: Reduce system-wide crowding in federal prisons to 34%
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The Bureau of Prisons (BOP) constantly monitors facility capacity, population growth, and prisoner crowding. As federal inmate population levels are projected to increase and continue to exceed the rated capacity of the BOP, every possible action is being taken to protect the community, while keeping institutional crowding at manageable proportions to ensure that federal inmates continue to serve their sentences in a safe and humane environment.

Performance Measure: System-wide Crowding in Federal Prisons

FY 2006 Target: 37%
FY 2006 Actual: 36%

Discussion: FY 2006 target was met. The actual crowding rate was 36%, below the target of 37% for fiscal year end. In FY 2006, BOP activated two facilities (FCI Butner Med II and USP Tucson, AZ) and closed four older stand-alone minimum security facilities (camps). The capacity of the two new institutions exceeds that of the four small stand-alone camps.



Data Definitions: The low, medium, and high crowding levels are based on a mathematical ratio of the number of inmates divided by the rated capacity of the institutions at each of the specific security levels. System-wide: represents all inmates in BOP facilities and all rated capacity, including secure and non-secure (minimum security) facilities, low, medium, and high security levels, as well as administrative maximum, detention, medical, holdover, and other special housing unit categories. Low security facilities: double-fenced perimeters, mostly dormitory housing, and strong work/program components. Medium security facilities: strengthened perimeters, mostly cell-type housing, work and treatment programs and a higher staff-to-inmate ratio than low security facilities. High security facilities: also known as U.S. Penitentiaries, highly secure perimeters, multiple and single cell housing, highest staff-to-inmate ratio, close control of inmate movement.

Data Collection and Storage: Data are gathered from several computer systems. Inmate data are collected on the BOP on-line system (SENTRY). The BOP also utilizes a population forecast model to plan for future contracting and construction requirements to meet capacity needs.

Data Validation and Verification: Subject matter experts review and analyze population and capacity levels daily, both overall and by security level. BOP institutions print a SENTRY report, which provides the count of inmates within every institution cell house. The report further subdivides the cell houses into counting groups, based on the layout of the institution. Using this report, institution staff conduct an official inmate count five times per day to confirm the inmate count within SENTRY. The BOP Capacity Planning Committee (CPC), comprised of top BOP officials, meets bi-monthly to review, verify, and update population projections and capacity needs for the BOP. Offender data are collected regularly from the Administrative Office of the U.S. Courts by the BOP Office of Research in order to project population trends. The CPC reconciles bed space needs and crowding trends to ensure that adequate prison space is maintained, both in federal prisons and in contract care.

Data Limitations: None known at this time.

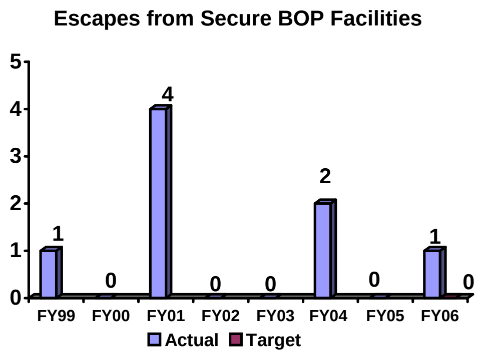
FY 2008 Outcome Goal: Ensure that there will be no escapes from secure BOP facilities
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The BOP significantly reduces the possibility of escape with long-term emphasis on security enhancements, physical plant improvements, enhanced training, and increased emphasis on staff supervision of inmates. In the event an escape does occur, the BOP will initiate immediate apprehension activities (escape posts, etc.) within the community, until the outside agency having jurisdiction assumes investigative and apprehension responsibilities.

Performance Measure: Escapes from Secure BOP Facilities

FY 2006 Target: 0
FY 2006 Actual: 1

Discussion: There was an escape from USP Pollock, LA in April 2006. The inmate remains a fugitive. An After-Action Review has been conducted which identified the need for additional staff training. Follow-up is conducted through program and operational reviews, and staff assistance visits.



Data Definition: All BOP institutions are assigned a security classification level based in part on the physical design of each facility. There are four security levels: minimum; low; medium; and high. Additionally, there is an administrative category for institutions that house a variety of specialized populations such as pre-trial, medical, mental health, sex offenders, and U.S. Department of Homeland Security, Immigration and Customs Enforcement (ICE) detainees. Low, medium, and high security levels and administrative institutions are defined as secure based on increased security features and type of offenders designated. Minimum security are non-secure facilities that generally house non-violent, low risk offenders with shorter sentences. These facilities have limited or no perimeter security fences or armed posts.

Data Collection and Storage: Data for this measure are taken from the Significant Incident Reports (recorded on BOP Form 583) submitted by the institution where the incident occurred. The form is submitted to the BOP's Central Office where it is recorded in a log. Copies of the report are also sent to the respective regional office where the information is reviewed. The information from the log is transferred to, and maintained by, the Office of Research and Evaluation, which analyzes the data and makes it available through the Key Indicators Management Information System.

Data Validation and Verification: The most senior managers in the agency conduct annual reviews of institution performance including escapes. Additionally, during Program Reviews (which are conducted at least every three years), annual operational reviews, and Institution Character Profiles (which are conducted every three years), reviews of escapes (including attempts) are conducted, along with other inmate misconduct.

Data Limitations: None known at this time.

Revised FY 2008 Outcome Goal: Comparative recidivism rates for FPI inmates: 15% 3 years following release, and 10% 6 years following release
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The Federal Prison Industry's (FPI) goal of reducing recidivism is to provide inmates with the opportunity to become productive, law-abiding citizens after release, through the development of basic work ethics and job skills training. An initial study in FY 2005 was conducted on 1,809 inmates who participated in FPI and a similarly situated comparison group of 23,397. Some of these individuals were released during 1999 and provided an estimate of the 6-year recidivism rate. The remainder were released in 2002 and provided an estimate of the 3-year recidivism rate. Results indicated that inmates who participate in FPI were statistically significantly less likely to recidivate by being arrested or returned to prison. The FPI's targets are: Inmates who participate in FPI will remain 15% less likely to recidivate at 3 years and 10% less likely to recidivate at 6 years, after release from a secure facility, compared to similarly situated inmates who did not participate.

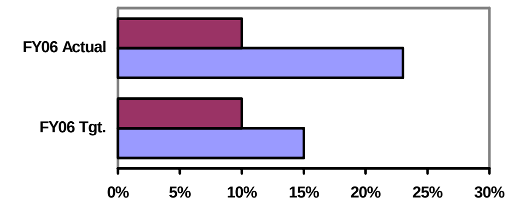
Performance Measure: Comparative Recidivism for FPI Inmates vs. Non-FPI Inmates

FY 2006 Target: 6 years; 10%
3 years; 15%

FY 2006 Actual: 6 years; 10%
3 years; 23%

Discussion: The FPI exceeded the FY 2006 target of 15% less likely to recidivate at 3 years with an actual of 23% less likely. In addition, the FPI met the FY 2006 target of 10% less likely to recidivate after 6 years.

Comparative Recidivism for FPI Inmates vs. Non-FPI Inmates



	FY06 Tgt.	FY06 Actual
6 Years Post Release	10%	10%
3 Years Post Release	15%	23%

Data Definition: Recidivism means a tendency to relapse into a previous mode of behavior, such as criminal activity resulting in arrest and incarceration.

Data Collection and Storage: Data are gathered from the BOP's operational computer system (SENTRY) and from the FBI's Interstate Identification Index (III). The FBI's system file contains all recorded State and federal arrests through a given period of time. Other information (i.e., age, sex, race, security level, prior record, current offense, and year of release) comes from the BOP's SENTRY system. All data are transferred to and analyzed by the BOP's Office of Research and Evaluation.

Data Validation and Verification: The data from the BOP SENTRY system and the FBI III are fluid and thereby subject to verification and validation on a nearly daily basis; field staff modify offenders' status on an on-going basis and update the files as appropriate. The BOP data undergo a number of quality control procedures ensuring its accuracy. The FBI's III file is the primary source of rap sheet information used by courts throughout the land and is also thought to be of high quality.

Data Limitations: Although non-citizens make up a large minority of the BOP population, they are excluded from analysis because many of them are deported following release from prison, and it is not known if they recidivate. Projected targets are based on earlier studies done on recidivism of the FPI participating inmates and their non-participating counterparts. The results of this ongoing research may differ due to changes in the program, improved research methods, changes in the composition of the inmate population, and changes in the quality and comprehensiveness of data, especially automated data on recidivism.

FY 2008 Outcome Goal: Limit the rate of assaults in Federal prisons to 130 assaults per 5,000 inmates
FY 2006 Progress: The Department is on target to achieve this long-term goal.

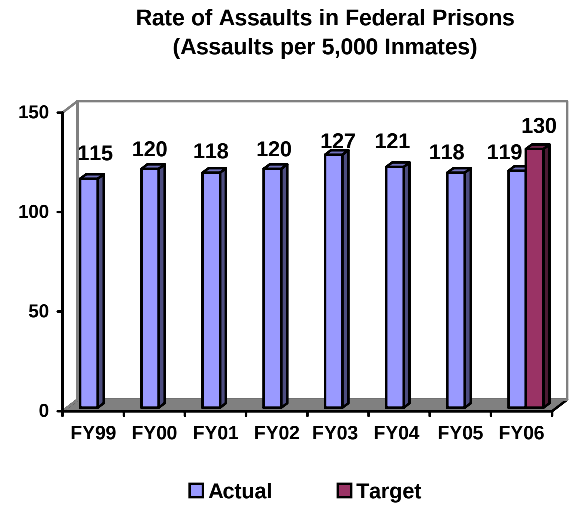
Background/Program Objectives: Every reasonable precaution is taken to ensure that inmates are provided with a safe and secure environment in facilities according to their needs. While it is the objective of the Department and BOP to eliminate all assaults, the target reflects projections based on historical data and observed trends. These data represent the number of assaults over a 12 month period per 5,000 inmates of all adjudicated assaults and combines both "inmate on inmate" and "inmate on staff" assaults. Due to the time required to adjudicate allegations of assault, there is a lag between the occurrence and reporting guilty findings. Accordingly, the figure reported represents incidents that were reported for the preceding 12 months ending several months before the end of the fiscal year.

Performance Measure: Rate of Assaults in Federal Prisons (Assaults per 5,000 Inmates)

FY 2006 Target: 130

FY 2006 Actual: 119

Discussion: FY 2006 target was met. The rate of assaults totaled 119 per 5,000 inmates, lower than the target rate of 130 for FY 2006.



Data Definition: Assaults include both "inmate on inmate" and "inmate on staff" assaults, as well as both serious (100 level) and less serious (200 level) assaults. An assault that results in major bodily injury, or death is considered a serious assault (100 level Incident Report). An assault that does not result in major bodily injury is typically defined as a minor assault (200 level Incident Report).

Data Collection and Storage: Data are collected from the BOP's on-line computer system (SENTRY), specifically the Chronological Disciplinary Report (CDR) module, which records all disciplinary measures taken with respect to individual inmates. This data are maintained and stored in the BOP's management information system (Key Indicators), which permits retrieval of data in an aggregated manner. The data represents all adjudicated assaults and combines both "inmate on inmate" and "inmate on staff" assaults.

Data Validation and Verification: The most senior managers in the agency conduct annual reviews of institution performance including assaults and other misconduct. Additionally, during Program Reviews (which are conducted at least every three years), annual operational reviews, and Institution Character Profiles (which are conducted every three years), reviews of assaults and other misconduct patterns are accomplished. The SENTRY system is BOP's main system, whereas Key Indicators is a snap shot of this system at any given time.

Data Limitations: The data represent the number of assaults over a 12 month period per 5,000 inmates. Due to the time required to adjudicate allegations of assault, there is a lag between the occurrence and reporting of guilty findings. Due to accelerated reporting requirements (within 15 days of quarter and fiscal year end) and to provide a more accurate assault rate, the BOP began using 12 months of completed/adjudicated CDR data for each quarter and end of fiscal year reporting beginning for FY 2004.

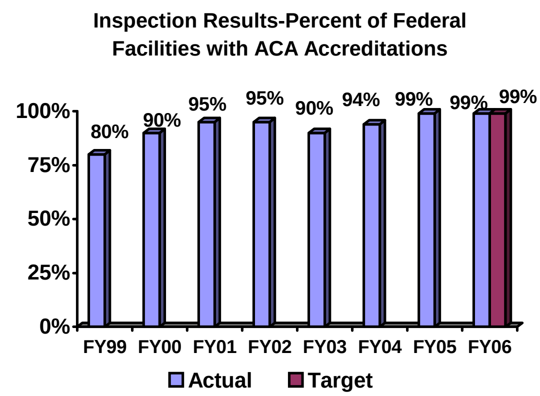
FY 2008 Outcome Goal: Achieve a 99% positive rate in inspection results (accreditations)
FY 2006 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The BOP has the highest regard for human rights and public safety. Therefore, it strives to maintain facilities that meet the accreditation standards of several professional organizations. The BOP's comprehensive audit process exceeds the standards set by the American Correctional Association (ACA). Independent teams, led by the BOP staff with specific program expertise and staffed with field experts using published guidelines to direct them, conduct reviews, which enable them to get a comprehensive view of the program being evaluated. Each program area must be evaluated once every three years. Also, institutions' ACA accreditation must be renewed tri-annually.

Performance Measure: Inspection Results—Percent of Federal Facilities with ACA Accreditations

FY 2006 Target: 99%
FY 2006 Actual: 99%

Discussion: The BOP met its target at the end of FY 2006 with 99% of BOP facilities accredited.



Data Collection and Storage: Once an audit is completed, an electronic report is received from the ACA. These reports are maintained in GroupWise shared folders by institution, in WordPerfect files, and a hard copy is filed in an institution folder.

Data Validation and Verification: On an annual basis, Program Review personnel develop a schedule for initial accreditation and reaccredidation of all eligible BOP facilities to ensure reviews are conducted on a regular and consistent basis. Policy requires institutions be accredited within two years of activation. Therefore, non-accredited institutions that have been activated for less than two years are excluded from calculations regarding this performance measure.

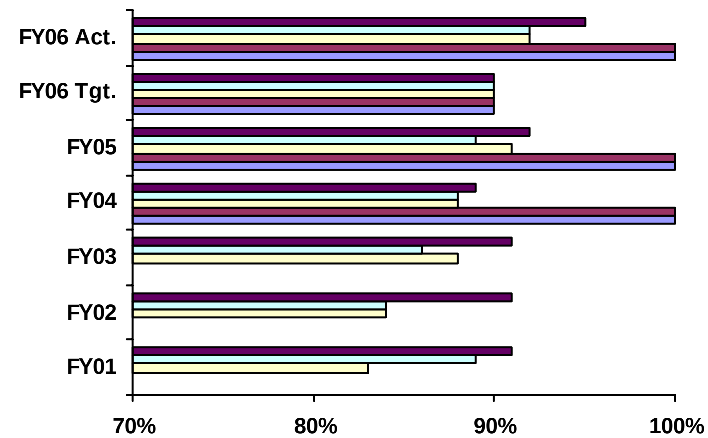
Subject matter experts review report findings to verify accuracy and develop any necessary corrective measures. The ACA accreditation meeting minutes, identifying the institutions receiving accreditation and re-accreditation, are now on file and maintained by the BOP Accreditation Manager.

Data Limitations: None known at this time.

FY 2008 Outcome Goal: Complete 90% of EOIR priority cases within established time frames
FY 2006 Progress: The Department is on target to achieve this long-term goal. The baselines for all cases were examined with the Department's FY 2006 Program Assessment Rating Tool (PART) review of this program. The Department has discontinued the reporting of two case types as of September 30, 2006. New long-term goals for this measure have been established and will be released with the issuance of the Department's FY 2007-2012 Strategic Plan.

Background/Program Objectives:
The Executive Office for Immigration Review (EOIR) is an independent agency with jurisdiction over various immigration matters relating to the Department of Homeland Security (DHS), aliens, and other parties. The EOIR comprises three adjudicating components: the Board of Immigration Appeals (BIA), the Immigration Courts, and the Office of the Chief Administrative Hearing Officer. The EOIR's mission is to be the best administrative tribunal possible, rendering timely, fair, and well-considered decisions in the cases brought before it. The EOIR's ability to achieve its mission is critical to the guarantee of justice and due process in immigration proceedings, and public confidence in the timeliness and quality of EOIR adjudications. Included in this context are the timely grants of relief from removal in meritorious cases, the expeditious removal of criminal and other inadmissible aliens, and the effective utilization of limited detention resources. To assure mission focus, EOIR has identified adjudication priorities and set specific time frames for most of its proceedings. These priorities include court cases involving criminal aliens, other detained aliens, and those seeking asylum as a form of relief from removal; and adjudicative time frames for all appeals filed with the BIA. These targets are related to percentages of cases actually completed.

TITLE REFINED: Percent of EOIR Priority Cases Completed Within Established Time Frames



	FY01	FY02	FY03	FY04	FY05	FY06 Tgt.	FY06 Act.
Asylum	91%	91%	91%	89%	92%	90%	95%
IHP	89%	84%	86%	88%	89%	90%	92%
Detained	83%	84%	88%	88%	91%	90%	92%
Single Appeals*	N/A	N/A	N/A	100%	100%	90%	100%
Panel Appeals*	N/A	N/A	N/A	100%	100%	90%	100%

* Single and Panel Appeals will be discontinued as of September 30, 2006.

Data Collection and Storage: Data are collected from the Automated Nationwide System for Immigration Review (ANSIR) a nationwide case-tracking system at the trial and appellate levels.

Data Validation and Verification: All data entered by courts nationwide is instantaneously transmitted and stored at EOIR headquarters, which allows for timely and complete data. Data are verified by on-line edits of data fields. Headquarters and field office staff have manuals that list the routine daily, weekly, and monthly reports that verify data. A 2002 data validation study conducted by an independent contractor found an observed error rate of 2.8%, which is considered within an acceptable range given the complexity and high volume of records for the system. Data validation is also performed on a routine basis through data comparisons between EOIR and Department of Homeland Security databases.

Data Limitations: None known at this time.

Performance Measure: TITLE REFINED: Percent of EOIR Priority Cases Completed Within Established Time Frames (*Formerly* Percent of EOIR Priority Cases Completed Within Targeted Time Frames)

FY 2006 Target: 90% (all categories)

FY 2006 Actual:

Immigration Court Expedited Asylum Cases Completed Within 180 Days: 95%
Immigration Court Institutional Hearing Program (IHP) Cases Completed Prior to Release from Incarceration: 92%

Immigration Court Detained Cases (Without Applications for Relief) Completed Within 30 Days: 92%
DISCONTINUED MEASURE*: Appeals Assigned to a Single Board Member Adjudicated within 90 Days: 100%
DISCONTINUED MEASURE*: Appeals Assigned to a Three Board Member Panel Adjudicated within 180 Days: 100%

Discussion: In FY 2006, EOIR exceeded all of its targets through the effective management of resources. This is the first year since the creation of the targets for the immigration courts that EOIR has successfully achieved all of them. The immigration courts implemented comprehensive program management initiatives, enabling them to monitor and meet these goals.

Since the establishment of the 2002 regulations, the BIA has been very successful in meeting the adjudicatory time frames. In fact, EOIR exceeded its goals of completing 90% of appeals assigned to both single Board Members within 90 days of assignment and three Board Member panels within 180 days of assignment with a perfect completion rate of 100%. The Board has been so successful in routinely exceeding these goals that the goals can no longer measure improvement and have been discontinued as of September 30, 2006.

The time frames for the three other established time frames continue to be ambitious due to the unpredictable nature of the number of cases and appeals that will be filed with EOIR on a monthly basis. As DHS enforcement efforts increase, such as the recent Secure Border Initiative, there will be a corresponding increase in the number of cases filed with EOIR. Over the past five years, the number of immigration court case receipts and Board appeals have increased by nearly 20%.

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PART III Financial Section

Overview

While Part II of this Report provided performance data (required by GPRA), Part III provides financial information required by the Chief Financial Officers Act. This data outlines not only the costs of programs, but also the costs of achieving individual results by strategic goal. As required by OMB Circular A-136, the following section provides the Statements of Net Cost by major program for the Department of Justice, and it is aligned directly with the goals and objectives in the Department's Strategic Plan and Annual Performance Plan.

Following the Chief Financial Officer's message, the Office of the Inspector General's Commentary and Summary, and our Report of Independent Auditors, are the following statements:

Consolidated Balance Sheets - Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2006 and 2005.

Consolidated Statements of Net Cost - Presents the net cost of Department operations for the fiscal years ended September 30, 2006 and 2005. The Department's net cost of operations includes the gross costs incurred by DOJ less any exchange revenue earned from Department activities.

Consolidated Statements of Changes in Net Position - Presents the change in the Department's net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues and other financing sources for the fiscal years ended September 30, 2006 and 2005.

Combined Statements of Budgetary Resources - Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2006 and 2005.

Consolidated Statements of Financing - Presents a reconciliation of the net cost of operations with the obligation of budgetary resources for the fiscal years ended September 30, 2006 and 2005.

Combined Statements of Custodial Activity - Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2006 and 2005.

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A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

November 14, 2006

The Department of Justice is continuing to make progress in achieving measurable improvements in its financial management practices. Fiscal Year (FY) 2006 was a year of tremendous challenge and opportunity. This is the third year we have successfully issued this Report within 45 days after the close of the fiscal year, as directed by the Office of Management and Budget (OMB). Moreover, I am pleased to report that the Department received an unqualified opinion on its FY 2006 consolidated financial statements. This year was also marked by substantial progress in reducing the number of internal control material weaknesses and reportable conditions in our accounting and reporting operations. Aided by our implementation of the OMB Circular A-123 financial reporting assurance process, significant improvement was made in the integrity of our financial reporting, and I am pleased to report that our components have demonstrated an increased emphasis on overall financial controls.

We are firmly dedicated to fulfilling the Attorney General's commitment to sound financial practices and to the financial management improvement goals of the President's Management Agenda. Our A-123 work provides a strong basis for us to improve financial reporting readiness and reliability. I recognize we have more work to do, both in addressing remaining financial control issues, and in addressing longstanding weaknesses associated with controls in our information systems environments. To aid in the remedy of those weaknesses, I remain committed to implementing uniform financial management practices across the Department, and committed to continued progress with our Unified Financial Management System project. The Department takes its financial accountability seriously, and I look forward to a productive year ahead, as we once again demonstrate that accountability to the American public.

Lee Lofthus
Acting Chief Financial Officer

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U. S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2006

OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statement of the U.S. Department of Justice (Department) for the fiscal year (FY) ended September 30, 2006. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the consolidated Department audit and 7 of the 10 component audits. Two other independent public accounting firms performed the remaining three component audits, upon which KPMG LLP relied when issuing its report on the consolidated financial statements. For FY 2005, KPMG LLP also performed the consolidated Department audit, and 7 of the 10 component audits.

The Department received an unqualified opinion on its FY 2006 and 2005 financial statements. The Department had previously received an unqualified opinion on the FY 2005 financial statements. At the consolidated level, the Department has made progress in financial management. This year, at the consolidated level, the Department had one material weakness and one reportable condition, compared to two material weaknesses for FY 2005.

The material weakness this year, which is a repeat weakness from last year, is on financial management systems general and application controls. The material weakness contains new and continued deficiencies for 8 of the 10 components, including weaknesses in the Department's consolidated information systems general controls environment that provides general control support for several components' financial applications. However, the Department reduced the prior year material weakness on financial reporting to a reportable condition this year. The reportable condition includes several serious but isolated issues, including Office of Justice Programs' (OJP) grant advance and payable estimation process, the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) accounts payable process, and the U.S. Marshals Service's (USMS) financial statement quality control and assurance.

At the component level, there was also improvement, as evidenced by the reduction in the component material weaknesses from 10 in FY 2005 to 7 this year. In addition, component reportable conditions dropped from 8 in FY 2005 to 7 this year. Two components, the Drug Enforcement Administration and the Federal Prison Industries, Inc., continued to have no material weaknesses, reportable conditions, or compliance issues. The table at the end of this discussion compares the FY 2006 and the FY 2005 audit results for the Department's consolidated audit as well as for the 10 individual component audits.

Yet, while the Department was able to take a significant step forward this year in reducing its financial material weakness to a reportable condition, it still lacks sufficient automated systems to readily support ongoing accounting operations and financial statement preparation. Inadequate, outdated, and, in some cases non-integrated financial management systems do not provide certain automated financial transaction processing activities that are necessary to support management's need for timely and accurate financial information throughout the year. Many tasks still must be performed manually at interim periods and at year end, requiring extensive manual efforts on the part of financial and audit personnel. These significant, costly, and time-intensive manual efforts will continue to be necessary for the Department and its components to produce financial statements until automated, integrated processes and systems are implemented that readily produce the necessary information throughout the year. While the Department is proceeding towards a Unified Financial Management System (UFMS) that it believes will correct many of these issues, implementation has been slow and will not be completed across the Department for at least another 6 years. However, the Department did make sound efforts this year in documenting financial processes, a key step to successfully implementing the new UFMS and also required by the revised Office of Management and Budget Circular A-123.

The financial management systems general and application control issues are the most serious remaining issues for the financial statement audits. Four components continue to have a material weakness and four other components continue to have a reportable condition in this area. These issues are long standing and must be addressed to ensure a secure systems environment for the Department. Many components had issues with access controls, application software development and change controls, and system software. Application controls were found to be weak at five out of nine components tested. Entity-wide security, service continuity, and segregation of duties issues were less widespread across the Department.

In the FY 2006 consolidated report on compliance and other matters, the auditors identified four Department components that were not in compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), which requires compliance with federal financial management systems requirements, applicable federal accounting standards, and the United States Standard General Ledger at the transaction level. The four non-compliant components were the ATF, the Federal Bureau of Investigation, OJP, and the USMS. The same four components were also non-compliant with FFMIA in FY 2005. For FY 2006, the USMS was also not in compliance with the Prompt Payment Act and OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, both repeat issues from FY 2005.

The OIG reviewed KPMG LLP's report on the consolidated financial statements and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditor's report dated November 10, 2006, and the conclusions expressed in the report. However, our review, while still ongoing, disclosed no instances where KPMG LLP did not comply, in all material respects, with generally accepted government auditing standards.

Comparison of FY 2006 and FY 2005 Audit Results								
Reporting Entity	**Auditors' Opinion On Financial Statements**		**Number of Material Weaknesses[1]**				**Number of Reportable Conditions[2]**	
			Financial		**Information Systems**			
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Consolidated DOJ	U[3]	U	0	1	1	1	1	0
OBDs	U	U	0	0	0	0	1	1
AFF/SADF	U	U	0	0	0	0	2	1
FBI	U	U	0	1	1	1	0	1
DEA	U	U	0	0	0	0	0	0
OJP	U	U	1	2	1	1	1	1
USMS	U	U	1	2	1	1	0	1
BOP	U	U	0	0	0	0	1	1
FPI	U	U	0	0	0	0	0	0
WCF	U	U	0	0	0	0	2	2
ATF	U	U	1	1	1	1	0	0
Component Totals			3	6	4	4	7	8

Consolidated Department of Justice (Consolidated DOJ); Offices, Boards and Divisions (OBDs); Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF); Federal Bureau of Investigation (FBI); Drug Enforcement Administration (DEA); Office of Justice Programs (OJP); U.S. Marshals Service (USMS); Federal Bureau of Prisons (BOP); Federal Prisons Industries, Inc. (FPI); Working Capital Fund (WCF); Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)

[1] A material weakness is a reportable condition (see below) in which the design or operation of the internal control does not reduce to a relatively low level the risk that error, fraud, or noncompliance in amounts that would be material in relation to the principal financial statements or to performance measures may occur and not be detected within a timely period by employees in the normal course of their assigned duties.

[2] A reportable condition includes matters coming to the auditor's attention that, in the auditor's judgment, should be communicated because they represent significant deficiencies in the design or operation of internal controls that could adversely affect the entity's ability to properly report financial data.

[3] 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.

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Financial Statements

United States Attorney General
U. S. Department of Justice

Inspector General
U. S. Department of Justice

We have audited the accompanying consolidated balance sheets of the U.S. Department of Justice (the Department) as of September 30, 2006 and 2005, and the related consolidated statements of net cost, changes in net position, and financing, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service; the Federal Bureau of Prisons; and the Federal Prison Industries, Inc., which financial statements reflect total combined assets of $9.1 billion and $9.1 billion, and total combined net costs of $6.4 billion and $6.2 billion, as of and for the years ended September 30, 2006 and 2005, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report provided herein, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 06-03 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion on internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2006 and 2005, and its net costs, changes in net position, budgetary resources, reconciliation of net costs to budgetary obligations, and custodial activity for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18 to the consolidated financial statements, the Department changed its method of reporting earmarked funds to adopt the provisions of the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards No. 27, *Identifying and Reporting Earmarked Funds*, effective October 1, 2005.

The information in the *Management's Discussion and Analysis* and *Required Supplementary Information and Required Supplementary Stewardship Information* sections is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles and OMB Circular No. A-136, *Financial Reporting Requirements*. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we and the other auditors did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The September 30, 2006 consolidating and combining information in the *Consolidating and Combining Financial Statements* section is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net costs, changes in net position, budgetary resources, reconciliation of net costs to budgetary obligations, and custodial activity of the Department's components individually. The September 30, 2006 consolidating and combining information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, based on our audits and the reports of the other auditors, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The information in the fiscal year 2006 *Introduction*, *Performance Section*, *Management Section*, and *Appendices* is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 10, 2006, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 10, 2006

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Internal Control

United States Attorney General
U. S. Department of Justice

Inspector General
U. S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (the Department) as of September 30, 2006 and 2005, and the related consolidated statements of net cost, changes in net position, and financing, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as the "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 10, 2006. That report indicated that we did not audit the financial statements of the following components of the Department: the U.S. Marshals Service; the Federal Bureau of Prisons; and the Federal Prison Industries, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report, insofar as it related to the amounts included for those components, was based solely on the reports of the other auditors. As discussed in Note 18 to the consolidated financial statements, the Department changed its method of reporting earmarked funds to adopt the provisions of the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards No. 27, *Identifying and Reporting Earmarked Funds*, effective October 1, 2005.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 06-03 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As noted above, we did not audit the financial statements of the U.S. Marshals Service; the Federal Bureau of Prisons; and the Federal Prison Industries, Inc. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Reports on Internal Control*, have been furnished to us. Accordingly, our report on the Department's internal control over financial reporting, insofar as it relates to these components, is based solely on the reports and findings of the other auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Department's management is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2006 audit, we considered the Department's internal control over financial reporting by obtaining an understanding of the Department's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in *Government Auditing Standards* and OMB Bulletin No. 06-03. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to provide assurance on the Department's internal control over financial reporting. Consequently, we do not provide an opinion thereon.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with the assertions by management in the consolidated financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the consolidated financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in any internal control, misstatements due to error or fraud may nevertheless occur and not be detected.

In our fiscal year 2006 audit, we noted, and the reports of the other auditors identified, certain matters, described in Exhibits I, II, and III, involving internal control over financial reporting and its operation that we and the other auditors consider to be reportable conditions. Exhibit I is an overview of the reportable conditions (including material weaknesses) identified in the Department's component auditors' *Independent Auditors' Reports on Internal Control*, and includes an explanation of how we treated these component-level reportable conditions at the Department level. Exhibit II provides the details of the Department-wide reportable condition that we believe to be a material weakness. Exhibit III presents the other Department-wide reportable condition. Exhibit IV presents the status of prior years' Department-wide reportable conditions.

INTERNAL CONTROLS OVER REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION AND PERFORMANCE MEASURES

Under OMB Bulletin No. 06-03, the definition of material weakness is extended to other controls as follows. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the Required Supplementary Stewardship Information or material to a performance measure or aggregation of related performance measures, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in any internal control, misstatements due to error or fraud may nevertheless occur and not be detected.

Our consideration of the internal control over Required Supplementary Stewardship Information and the design and operation of internal control over the existence and completeness assertions related to key performance measures would not necessarily disclose all matters involving the internal control and its operation related to Required Supplementary Stewardship Information or the design and operation of the internal control over the existence and completeness assertions related to key performance measures that might be reportable conditions.

As required by OMB Bulletin No. 06-03, in our fiscal year 2006 audit, we and the other auditors considered the Department's internal control over the Required Supplementary Stewardship Information by obtaining an understanding of the Department's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. We and the other auditors limited our testing to those controls necessary to test and report on the internal control over the Required Supplementary Stewardship Information in accordance with OMB Bulletin No. 06-03. However, our and the other auditors' procedures were not designed to provide an opinion on internal control over the Required Supplementary Stewardship Information, and, accordingly, we do not provide an opinion thereon. In our fiscal year 2006 audit, we and the other auditors noted no matters involving the internal control and its operation related to Required Supplementary Stewardship Information that we considered to be material weaknesses as defined above.

As further required by OMB Bulletin No. 06-03, in our fiscal year 2006 audit, with respect to internal control related to performance measures determined by management to be key and reported in the *Management's Discussion and Analysis* and *Performance* sections of the Department's *Fiscal Year 2006 Performance and Accountability Report*, we and the other auditors obtained an understanding of the design of internal controls relating to the existence and completeness assertions and determined whether these controls had been placed in operation. We and the other auditors limited our testing to those controls necessary to test and report on the internal control over key performance measures in accordance with OMB Bulletin No. 06-03. However, our and the other auditors' procedures were not designed to provide an opinion on internal control over reported performance measures, and, accordingly, we do not provide an opinion thereon. In our fiscal year 2006 audit, we and the other auditors noted no matters involving the design and operation of the internal control over the existence and completeness assertions related to key performance measures that we considered to be material weaknesses as defined above.

We noted certain additional matters that we reported to the management of the Department in a separate letter dated November 10, 2006.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, the OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 10, 2006

Exhibit I

OVERVIEW OF REPORTABLE CONDITIONS (INCLUDING MATERIAL WEAKNESSES)

The following table summarizes the 14 reportable conditions identified by the Department's component auditors. The component auditors also considered 7 of these reportable conditions to be material weaknesses. We analyzed these component-level material weaknesses and reportable conditions to determine their effect on the Department's internal control over financial reporting and concluded that they comprise two Department-wide reportable conditions, one of which we also consider to be a material weakness.

Department Reportable Conditions Noted During Fiscal Year 2006		DOJ	OBDs	AFF	FBI	DEA	OJP	ATF	USMS [1]	BOP [1]	FPI [1]	WCF
Improvements are needed in the Department's and components' financial systems general and application controls.[2]		M	R	R	M		M	M	M	R		R
Improvements are needed in the components' internal control to provide reasonable assurance that transactions are properly recorded and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles.		R		R			M R	M	M			R
Total Material Weaknesses Reported by Components' Auditors	FY2006	7	0	0	1	0	2	2	2	0	0	0
	FY2005	10	0	0	2	0	3	2	3	0	0	0
Total Reportable Conditions Reported by Components' Auditors	FY2006	7	1	2	0	0	1	0	0	1	0	2
	FY2005	8	1	1	1	0	1	0	1	1	0	2

Offices, Boards and Divisions (OBDs); Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF); Federal Bureau of Investigation (FBI); Drug Enforcement Administration (DEA); Office of Justice Programs (OJP); Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); United States Marshals Service[1] (USMS); Federal Bureau of Prisons[1] (BOP); Federal Prison Industries, Inc.[1] (FPI); and Working Capital Fund (WCF).

Legend:
[1] Department's components whose financial statements were audited by other auditors.
[2] Includes the Department's Operations Services Staff (OSS), a component of the Office of the Chief Information Officer (OCIO), Justice Management Division (JMD), which has primary responsibility over the consolidated information system general controls environment. See related finding in Exhibit II.

M – Material weakness
R – Reportable condition

In Exhibit II and Exhibit III, respectively, we discuss in detail the Department-wide material weakness and reportable condition noted above.

Exhibit II

MATERIAL WEAKNESS

IMPROVEMENTS ARE NEEDED IN THE DEPARTMENT'S COMPONENT FINANCIAL MANAGEMENT SYSTEMS' GENERAL AND APPLICATION CONTROLS.

In performing procedures on the components' financial management information systems, we and other component auditors considered the Government Accountability Office's (GAO) *Federal Information System Controls Audit Manual*; the Department's Order No. 2640.2E, *Information Technology Security*; OMB Circular No. A-130, *Management of Federal Information Resources*; and technical publications issued by the National Institute of Standards and Technology (NIST). The FBI's auditors reviewed the FBI's information system (IS) general controls environment and reported their detailed findings to the OIG in a separate limited distribution report.

In support of the Department's fiscal year 2006 consolidated financial statement audit, we performed a review of the DOJ consolidated IS general controls environment that provides general control support for several DOJ components' financial applications. The Department's OSS has primary responsibility over the consolidated IS general controls environment and the following services: (1) Technology Assessment and Planning Services, (2) Customer Services, (3) Infrastructure Services, and (4) Security and Business Continuity Services. We conducted our general controls environment review for the fiscal year ended September 30, 2006, and reported our detailed findings to the OIG in a separate limited distribution report.

The following table depicts the IS general and application control weaknesses identified by the auditors on the DOJ consolidated IS general controls environment and the 10 Department reporting components for fiscal year 2006. Following the table, we present brief summaries of the specific conditions reported by the components' auditors.

General & Application Control Weaknesses[1]	OBDs [2]	AFF [2]	FBI	DEA	OJP	ATF	USMS	BOP [2]	FPI	WCF [2]
Entity-wide Security	X				X	X				X
Access Controls		X	X		X	X	X	X		
Application Software Development and Change Controls/System Development Life Cycle (SDLC)		X	X		X	X				
Service Continuity			X		X					
Segregation of Duties					X	X	X			
System Software	X	X			X	X	X			X
Application Controls	X				X	X	X			X

[1] This table summarizes the IS control weaknesses reported in the component auditors' *Independent Auditors' Reports on Internal Control*. For FBI, OJP, ATF, and USMS, the component auditors reported an IS-related material weakness. For OBDs, AFF, BOP, and WCF, the component auditors reported an IS-related reportable condition.

[2] The OSS IS controls environment weakness identified in the areas of security program, access controls, and system software impacts the OBDs, AFF, BOP, and WCF IS controls environments.

OBDs – Weaknesses were identified in the Financial Management Information System's (FMIS2) security program, system software, and application controls.

AFF – The FMIS2 weaknesses identified at OBDs also impact AFF's financial management information systems because AFF uses FMIS2 as its accounting system. Weaknesses were also identified in the Consolidated Asset Tracking System's (CATS) logical access controls, change controls, and system software.

FBI – Weaknesses were identified in the IS general controls environment in the areas of logical access controls, change controls, and service continuity. Based on the results of the IS environment testing and failure of related IS general controls, specific application controls were not tested during the fiscal year 2006 audit.

OJP – Weaknesses were identified in the overall entity-wide security program, access controls, system software development and change control procedures for applications, system software, segregation of duties, and service continuity. Many of these weaknesses had not been corrected from prior years.

ATF – Weaknesses continue to exist in entity-wide security program, access controls, system software, and application change controls. In addition, weaknesses were identified in ATF's segregation of duties. Significant vulnerabilities not fully corrected from prior years remained in the controls over financial network operating systems, access controls over various financial and operational databases, and operating system level weaknesses on servers and databases that impact the processing of financial data.

USMS – Weaknesses in the general network control environment continue to exist in the areas of segregation of duties, access controls, and system software for the general support systems.

BOP – Weaknesses continue to exist in controlling access to financially significant systems. Many of these weaknesses existed in prior years. In addition, the FMIS2 weaknesses identified at OBDs also apply to BOP because BOP uses the FMIS2 accounting system.

WCF – The FMIS2 weaknesses identified at OBDs also impact WCF's financial management information systems because WCF uses FMIS2 as its accounting system.

The weaknesses identified by components' auditors in the components' general and application controls increase the risk that programs and data processed on components' information systems are not adequately protected from unauthorized access or service disruption.

Recommendation

We recommend that the Department:

1. Require the components' and the OSS's Chief Information Officers (CIO) to submit corrective action plans that address the weaknesses identified above. The corrective action plans should focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/SDLC, service continuity, segregation of duties, system software, and other specific application control weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution report. The corrective action plans should also include a timeline that establishes when major events must be completed, and the Department's CIO should monitor components' efforts to correct deficiencies, hold them accountable for meeting the action plan timelines, and ensure the corrective actions are implemented adequately to address the noted deficiencies. (Updated)

Management Response:

The Department's Office of the Chief Information Officer (OCIO), working with the Chief Financial Officer and component program managers as well as their respective CIOs, will develop proactive corrective action plans. These plans will be validated by the Department's OCIO. This validation will address weaknesses identified and will institutionalize corrective actions to ensure program improvements are made in four of the Bureaus having IT material weaknesses. In addition, the Department's OCIO will ensure that all weaknesses identified in prior year audits are addressed and that enhancements in policies, processes, and work flow are implemented to provide the best possible support for successful financial audits. The corrective action plans are a subset of the Department's overall capital Plans of Actions and Milestones and are available to the Office of the Inspector General and reported to OMB in the Department's quarterly Federal Information Security Management Act (FISMA) Reports.

Exhibit III

REPORTABLE CONDITION

IMPROVEMENTS ARE NEEDED IN THE COMPONENTS' INTERNAL CONTROLS TO PROVIDE REASONABLE ASSURANCE THAT TRANSACTIONS ARE PROPERLY RECORDED, PROCESSED, AND SUMMARIZED TO PERMIT THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

While the Department has made significant progress in addressing previously-reported material weaknesses, the component entities' auditors continue to identify weaknesses in the financial management systems, internal controls, and financial reporting processes that inhibit the component entities' ability to prepare financial statements in accordance with generally accepted accounting principles. However, as a result of the corrective actions taken by the Department and the component entities over the past year, this Department-wide internal control finding has been reduced from a material weakness to a reportable condition.

Financial Management Systems, Internal Controls, and Financial Reporting

Component entities' financial management systems and related internal controls continue to be in need of improvement to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles. Specifically, the component auditors noted the following deficiencies in the component entities' financial management systems, internal controls, and financial reporting processes (the effects of which were adjusted in the components' financial statements, as appropriate).

Grant Advance and Payable Estimation Process. During the component auditors' testing of the controls over OJP's grant accrual process, they noted significant improvement from the prior year. However, they determined that further improvements are needed, as described below.

Accuracy and Completeness of Grant Advance and Payable Amounts. The component auditors noted that improvements are still needed to ensure the accuracy and completeness of OJP's grant advance and payable amounts, as well as the underlying assumptions in the estimation process. During the year, OJP made corrections to its grant accrual calculations as a result of errors identified through its review process, for which improvements had been made to better identify errors by using "look-back" and excess cash analysis procedures. While OJP identified errors as a result of its improved review process prior to preparation of the year-end financial statements, the errors were discovered subsequent to issuance of the year's first three fiscal quarters' financial statements. Most of the errors identified by OJP related to a lack of analysis of new grant programs prior to developing the grant accrual estimate. By not identifying the impact of new grant programs until after the issuance of its financial statements, OJP is at risk of misstating the grant advance and accounts payable balances.

In addition to the errors identified by OJP, as noted above, the component auditors identified certain errors relating to the grant accrual as a result of their test work, suggesting that OJP's look-back analysis and adjustment factor calculations needed further refinement. Specifically, the component auditors noted that the adjustment factor improperly included non-block grants in an advanced position, whereas it should only include the portion of the accrual relating to accounts payable. And, as a result of their year-end confirmation process, the component auditors also noted errors relating to the amount of estimated expenditures that OJP used as the basis for its accounts payable estimate. These errors resulted from the grantees' submitting inaccurate estimates to OJP that were not identified by OJP in its follow-up procedures. In addition to these errors, the component auditors identified errors directly related to the data files used by OJP to calculate its March 31 and June 30, 2006 quarterly grant accruals.

The errors identified by the component auditors occurred while OJP was still in the process of formalizing the current year's grant accrual process. As such, OJP did not have sufficient controls in place to ensure the completeness and accuracy of the grant data files during the first three quarters of the year, nor did OJP perform sufficient analyses to ensure the accuracy of the look-back and adjustment factor calculation processes as of that time. As a result, the accounts payable balance was understated by approximately $72 million and $60 million as of March 31 and June 30, 2006, respectively. OJP did correct the majority of these errors before fiscal year-end, leaving the accounts payable balance overstated by a known amount of approximately $9 million as of September 30, 2006.

OJP's *Policies and Procedure for Validating the Estimated Grant Accrual* provides guidance related to the periodic review, analysis, and validation of the grant accrual amounts posted to the general ledger. This policy states that OJP should determine that estimates are calculated and presented both fairly and reasonably for the financial statements, and, when discrepancies occur, OJP is to perform a more in-depth analysis. The results of that analysis should be reviewed by the Office of the Comptroller and documentation of the review maintained.

Grant Monitoring Procedures. In reviewing OJP's grant monitoring procedures, component auditors noted that OJP did not follow up and resolve certain site visit findings within the required time frames. Specifically, OJP did not submit to the grantee a follow-up letter within 30 working days of completion of the site visit for 23 of the 25 site visit reports reviewed. The average number of days to complete the follow-up letter was approximately 94 days. In addition, one report was not approved by the External Oversight Division (EOD) Director prior to finalization and submission of the follow-up letter. Component auditors also noted that OJP did not select its site visit sample statistically from the complete population of grants, which would have allowed OJP to statistically project any error rates identified to the entire population of grants. Rather, OJP used a combination of risk-based and random sampling techniques over the population of grants

Accounts Payable. Improvements are needed in ATF's process for recording accounts payable. ATF uses a "receiver" process to indicate that goods and services have been received and are approved for payment. As a result of the component auditors' interim and year-end test work, they identified errors in the receiver process controls as well as errors in the recording of transactions related to undelivered orders and the recording of accounts payable. They also identified errors in their tests of undelivered orders related to ATF's new headquarters facility. Identification of errors specific to the new headquarters facility caused ATF to reassess the status of the facility-related undelivered orders, which resulted in a $10.4 million adjustment to the undelivered orders and accounts payable balances. Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, requires that entities recognize a liability for unpaid amounts once the entity accepts title to the goods received. If invoices are not available when the financial statements are prepared, the amounts owed should be estimated.

The above errors occurred primarily because: (1) purchasing agents did not always identify purchases when the goods and services had been received and accepted, (2) ATF personnel did not perform reviews of the supporting documentation to verify receipt and acceptance of goods and services, (3) supporting documentation for processed receivers was not always reviewed to ensure that receiver information entered was accurate and complete, and (4) ATF did not conduct a thorough quarterly review of the documentation and status of the headquarters facility project. This condition, which was identified as a material weakness in ATF's 2005 and 2004 *Independent Auditors' Reports on Internal Control,* continued to exist in 2006 although ATF took steps to address the problem. In conclusion, ATF continues to experience difficulty in recording accounts payable transactions, which can result in misstatement of the accounts payable balances in the financial statements.

Financial Statement Quality-Control and Assurance. The USMS's interim and year-end financial statements contained excessive errors and omissions that were identified by the component auditors and the Office of the Inspector General, as follows:

- The June 30, 2006 financial statements were misstated, including Fund Balance with Treasury misclassifications; accounts payable and accounts receivable balances were overstated due to the failure to eliminate certain intra-fund activity; construction work-in-progress was overstated due to a misinterpretation of the Department's capitalization policy; accounts payable and accrued payroll were misstated by an offsetting amount due to the misclassification of the related accrual; the budgetary account for reimbursements collected did not agree to the supporting schedule because certain revenue and receivable activity had not been posted to the general ledger; and, there was an unreconciled difference in the Statement of Financing due to improper accounting entries related to capitalized property transactions.

- The September 30, 2006 financial statements were misstated, including distributed offsetting receipts were overstated due to improper entries affecting Fund Balance with Treasury and certain budget clearing accounts; unfilled customer orders without advance and anticipated resources were overstated due to a misunderstanding of how to post year-end reimbursable activity and balances; there was an unreconciled difference in the Statement of Financing due to improper accounting entries related to capitalized property transactions; and unobligated balances available were overstated.

OMB Circular No. A-127, *Financial Management Systems*, requires that (1) reports produced by the systems that provide financial information shall provide financial data that can be traced directly to the Standard General Ledger (SGL) accounts, and (2) transaction detail supporting SGL accounts be available in the financial management systems and directly traceable to specific SGL account codes. The USMS completed this year's financial reporting cycle in a difficult and challenging environment, including the replacement of the previous year's key financial reporting personnel with new personnel; processes underlying the financial statement preparation process were not documented, thus inhibiting the transfer of institutional knowledge to newly-appointed personnel; the USMS's financial systems were not in compliance with the Federal Financial Management Improvement Act of 1996; and the USMS's quality control over interim and final financial statements was both limited and ineffective. A component entity's failure to comply with OMB's financial statement reporting requirements could affect the Department's consolidated financial statements in such a way so as to adversely affect the Department's audit opinion or result in Department-level internal control findings.

Grant Deobligations. In testing undelivered orders transactions, component auditors noted a general lack of timeliness and the need for improvement in OJP's deobligation and close-out process for grant-related undelivered orders. In reviewing OJP's grant close-out process, component auditors noted that grant managers did not consistently ensure that the undelivered orders balances on closed grants were deobligated in a timely manner (within 180 days of the grant's end date and/or submission of the final SF-269). In their analysis of expired grants with unliquidated balances, component auditors noted certain grants that were not deobligated within 1 year of the grant termination date. As a result, the undelivered orders balance was overstated in OJP's financial statements by likely amounts of $48 million and $19 million for the fiscal quarters ended March 31 and June 30, 2006, respectively. Although improvement was noted during the third and fourth quarters, grants pending close-out continue to exist as a result of OJP's program managers' failure to: (1) consistently close out grants in accordance with existing policy, or (2) adequately document justification for delays. Failure to deobligate funds timely prevents budget authority related to the grants pending close-out from being made available for new grants.

Accrual Accounting Functions. During their interim test work of intragovernmental reimbursable agreements (RAs), component auditors identified errors in the WCF's accrual processes related to revenue earned for goods and services provided but not yet billed. The component auditors identified a net revenue overstatement of $13.2 million in the WCF's March 31, 2006 financial statements and a net revenue understatement of $12.2 million in the WCF's June 30, 2006 financial statements. These errors were caused by staff involved in the revenue calculation and reporting process inaccurately calculating earned revenue or failing to record unbilled revenue in the financial management system. As a result of improvements made in the WCF's control environment, errors noted in the component auditors' year-end test work were reduced to $3.3 million. Quarterly revenue estimation is required to ensure that the WCF's quarterly financial statements are prepared in accordance with generally accepted accounting principles. SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*, requires that agencies recognize revenue at the time goods or services are provided to the public or another Government entity and that it is measured at the price likely to be received.

Seized and Forfeited Property. The AFF's component auditors identified weaknesses related to the status, valuation, and completeness of seized and forfeited property, as described below.

Internal Controls Related to Status and Valuation. In conducting tests of transactions recorded in the Consolidated Asset Tracking System (CATS) and the Forfeited and Seized Asset Tracking System (FASTRAK) as of September 30, 2006, component auditors observed: (1) items not properly classified as "returned-to-owner" or otherwise disposed of, (2) seized property overvaluations, (3) forfeited property overvaluations, (4) seized property items that should have been designated as forfeited, and (5) seized property items designated as forfeited that should have been designated as seized. These status and valuation errors amounted to approximately $5.1 million.

Internal Controls Related to the Completeness of Seized and Forfeited Property. In conducting their inventory test procedures, component auditors noted seized property items designated as "seized-for-forfeiture" in ATF's case management system that were not designated as such in ATF's seized property management system, thus causing the auditors to question their possible omission from the AFF/SADF's financial statements. Upon further research, it was determined that ATF headquarters had decided not to pursue a forfeiture action for the seized property items. However, because ATF does not have sufficient controls in place to ensure that all property seized for forfeiture is classified consistently and contemporaneously in the ATF's property storage inventory locations, the field office was not aware of the need to change the status in the case management system from "seized-for-forfeiture" to "seized-for-evidence." As a result, the seized property was omitted from ATF's property management system and not included in its financial statements.

The failure to record, reconcile, and adjust the case management system, property management system, and underlying inventory control logs in a timely and consistent manner can result in forfeitures not being made timely; custody control records not properly reflecting the property's status as seized-for-evidence, seized-for-forfeiture, or both; and property disposals being made that are not consistent with the Department's seized property disposition policies. SFFAS No. 3, *Accounting for Inventory and Related Property*, states that seized and forfeited property should be properly classified as of the financial reporting date. Seized property other than monetary instruments shall be disclosed in the footnotes and its value accounted for in the agency's property management records until the property is forfeited, returned, or otherwise liquidated.

In summary, certain components' financial management systems and related internal controls do not provide an adequate level of reasonable assurance that financial transactions are properly recorded, processed, summarized, and documented to permit the preparation of financial statements in accordance with generally accepted accounting principles. Improvements are also still needed in the components' day-to-day adherence to the standardized accounting policies and procedures, as set forth in the Department's *Financial Statement Requirements and Preparation Guide*, to ensure accuracy and consistency in the Department's consolidated financial statements. Absent improvements in their financial management, internal control, and financial reporting practices, the components will continue to be challenged to prepare accurate financial statements in accordance with generally accepted accounting principles.

Recommendations

We recommend that the Department:

2. Assess the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) accounts payable (and proper consideration of receipt and acceptance of goods and services), (c) budgetary accounting for grant and non-grant obligations, (d) RA-related accrual accounting, and (e) status, valuation, and completeness of seized and forfeited property. Based on the results of this assessment, determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year. (Updated)

   Management Response:

   DOJ management concurs with the recommendation. JMD will continue to reinforce existing, and develop new, accounting policy and procedures requiring application of component revenue accrual methodologies and calculations. Additionally, JMD will work with particular components to re-evaluate their business processes and financial activities associated with accounts payables and undelivered orders. This will include a review and validation of accounts payable methodologies on a quarterly basis, to include accruals related to real property additions. JMD will work with various financial and property management offices, to ensure all property is accounted for accurately, to include real, accountable, seized and forfeited. Grant accrual methodologies will continue to be refined and any variances addressed. In addition, a review of all existing grant types will be conducted to further address any accrual differences that can be identified specific to a program.

3. Continue efforts to implement a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements established by the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable Federal accounting standards. Proceed with implementation of a financial statement consolidation package to automate the compilation of the Department-wide financial statements. (Updated)

   Management Response:

   DOJ management concurs with this recommendation. The Attorney General identified a unified core financial system as a major goal for the Department. The certified software program and integration and implementation contractor has been selected, with implementation beginning for two financial statement components in FY 2008. JMD will continue to work with the contractors to ensure processes meet the requirements of applicable federal accounting standards and that external reports can be automated as appropriate.

4. Monitor the corrective actions taken by the USMS to improve the condition of its financial statement quality control and quality assurance processes, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2006. (Updated)

Management Response:

DOJ Management concurs with this recommendation. JMD will continue to work with the USMS to document and improve processes related to external reporting to include financial statement preparation.

Exhibit IV

STATUS OF PRIOR YEARS' RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, and by OMB Bulletin No. 06-03, A*udit Requirements for Federal Financial Statements*, we have reviewed the status of prior years' findings and recommendations. The following table provides our assessment of the progress the Department has made in correcting the reportable conditions identified during these audits. We also provide the Office of the Inspector General (OIG) report number where the condition remains open, the fiscal year it was identified, our recommendation for improvement, and the status of the condition as of the end of fiscal year 2006.

Report	Reportable Condition	Recommendation	Status
FY 2003 Department of Justice Annual Financial Statement, Report No. 04-13.	Fundamental changes are needed in the components' internal controls to ensure financial information can be provided timely to manage the Department's programs and to prepare its financial statements within the accelerated reporting deadlines of the OMB. *(Material Weakness)*	No. 1: Improve the Department-wide internal control program and include timely monitoring of financial controls by management. Communicate this to the components in the Department's *Financial Statement Requirement and Preparation Guide*. Senior leadership of the Department must support this effort and assign direct responsibility for the implementation of the internal control program to senior leaders at each component.	In process (Updated by FY 2006 Recommendation No. 2)
		No. 3: Proceed with the rapid implementation of the Department's Unified Financial Management System Project. The core financial system should include, but not be limited to, applications that support: (a) funds control (e.g., budget execution); (b) obligation accounting and control; (c) cash management; (d) inventory and property management; (e) the standard general ledger; (f) financial statement preparation, consolidation and reporting; and (g) customer/vendor recognition, including, intragovernmental trading partners. To the extent possible, the financial management system should be able to provide real-time financial data and provide flexibility in meeting external reporting requirements. As part of this effort, the Department should continue its development of a consolidation tool that will automate the current labor-intensive consolidation process, including, performance and accountability reporting, and the reconciliation of intragovernmental and intra-	In process (Updated by FY 2006 Recommendation No. 3)

Report	Reportable Condition	Recommendation	Status
		departmental transactions. Finally, a standard schedule of transaction codes should be developed and implemented in the system that describes the accounting transactions and the standard general ledger accounts to be used (both proprietary and budgetary). During the development of the transaction schedule, we strongly encourage the use of the Department of the Treasury's *Treasury Financial Manual*, Section III, which provides a detailed list of budgetary and proprietary transactions and the U.S. Government Standard General Ledger accounts affected. No. 4: Ensure components have allocated sufficient resources to support the financial management and reporting process. Develop training for components' program and finance staff on the responsibilities for internal control and financial management. Include a detailed discussion on the Department's consolidated accounting and reporting requirements and emphasize that components' financial statements are segments of the Department's consolidated financial statements.	 Completed
FY 2005 Department of Justice Annual Financial Statement, Report No. 06-04.	Fundamental changes are needed in the components' internal controls to ensure financial information can be provided timely to manage the Department's programs and to prepare its financial statements within the accelerated reporting deadlines of the OMB. *(Material Weakness)*	No. 1: Monitor the corrective actions taken by the USMS to improve the condition of its overall internal control framework, in response to the specific recommendations made in the other auditors' *Independent Auditors' Reports on Internal Control over Financial Reporting* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2005. No. 3: Assess the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) accounts payable (and proper consideration of receipt and acceptance of goods and services), (b) grant advances and the grant-related accounts payable estimation methodology, (c) budgetary accounting for grant and non-grant obligations, (d) property management (e.g., real property, construction	In Process (Updated by FY 2006 Recommendation No. 4) In Process (Updated by FY 2006 Recommendation No. 2)

		work-in-progress, the charging of construction costs to the proper budgetary resource, software-in-progress, leasehold improvements, and subsidiary property records), and (e) RA-related accrual accounting. Based on the results of this assessment, determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results.	
	Improvements are Needed in the Department's Component Financial Management Systems' General and Application Controls. (*Material Weakness)*	No. 5: Require the components' and the OSS's Chief Information Officers (CIO) to submit corrective action plans that address the weaknesses identified above. The action plans should focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/SDLC, service continuity, segregation of duties, system software, and other specific application control weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution report. The corrective action plans should include a timeline that establishes when major events must be completed, and the Department's CIO should monitor components' efforts to correct deficiencies and hold them accountable for meeting the action plan timelines.	In Process (Updated by FY 2006 Recommendation No. 1)

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Independent Auditors' Report on Compliance and Other Matters

United States Attorney General
U. S. Department of Justice

Inspector General
U. S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (the Department) as of September 30, 2006 and 2005, and the related consolidated statements of net cost, changes in net position, and financing, and combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 10, 2006. That report indicated that we did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Bureau of Prisons (BOP); and the Federal Prison Industries, Inc. (FPI). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report, insofar as it related to the amounts included for those components, was based solely on the reports of the other auditors. As discussed in Note 18 to the consolidated financial statements, the Department changed its method of reporting earmarked funds to adopt the provisions of the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards No. 27, *Identifying and Reporting Earmarked Funds*, effective October 1, 2005.

We and the other auditors conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 06-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As noted above, we did not audit the financial statements of the USMS, BOP, and FPI. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Reports on Compliance and Other Matters*, have been furnished to us. Our report on the Department's compliance and other matters, insofar as it relates to these components, is based solely on the reports and findings of the other auditors.

The management of the Department is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Department. As part of obtaining reasonable assurance about whether the Department's fiscal year 2006 consolidated financial statements are free of material misstatement, we and the other auditors performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 06-03, including certain requirements referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA). We and the other auditors limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Department. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion.

The results of our and the other auditors' tests of compliance described in the preceding paragraph of this report, exclusive of those referred to in FFMIA, disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 06-03:

- *Prompt Payment Act* – The USMS did not always include payment of interest on late payments, nor did it always notify the vendors within seven days of receipt in instances where bills were in dispute.

- OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget* – In fiscal year 1993, the USMS entered into a capital lease without reserving sufficient budget authority to meet the scorekeeping requirements of the OMB circular.

Under OMB Bulletin No. 06-03 and FFMIA, we are required to report whether the Department's financial management systems substantially comply with: (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

The results of our and the other auditors' tests disclosed instances, described below, in which the components did not substantially comply with the three requirements discussed in the preceding paragraph:

- Federal Financial Management System Requirements – The Office of Justice Programs (OJP); Federal Bureau of Investigation (FBI); Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); and USMS financial management systems do not meet Federal financial management systems requirements, in that deficiencies were noted in entity-wide security, access and change controls, service continuity, interface controls, system software, and segregation of duties.

- Federal Accounting Standards – Certain component entities (FBI, ATF, and USMS) do not initially record financial transactions in accordance with Statements of Federal Financial Accounting Standards (SFFAS). Specifically, deficiencies were reported in the following areas:

  - FBI – Managerial cost accounting
  - ATF – Accounts payable
  - USMS – Intra-fund transactions, accrued payroll and accounts payable, construction work-in-progress, budgetary reimbursable transactions, and reconciliation of budgetary and proprietary data in the Statement of Financing

- United States Standard General Ledger (USSGL) at the Transaction Level – Certain component entities (FBI and USMS) do not record all entries in their financial management systems at the USSGL transaction level. Specifically, deficiencies were reported in the following areas:

  - FBI – certain transactions are processed outside of the core financial accounting system, but they are not recorded at the transaction level using the USSGL. These transactions must be modified when recorded into the core financial accounting system through a manual or automated batch transaction process.

- USMS – transaction detail for upward and downward adjustments of prior-year undelivered orders is not maintained and capitalized property adjustments and budgetary reimbursable activity is not recorded in accordance with USSGL posting logic.

All significant facts pertaining to the matters referred to above, including the required elements of the findings and the recommended remedial actions, are included in the components' auditors' *Independent Auditors' Reports on Internal Control* or *Independent Auditors' Reports on Compliance and Other Matters*.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, the OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 10, 2006

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Principal Financial Statements and Related Notes

See Independent Auditors' Report on Financial Statements

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U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2006 and 2005

Dollars in Thousands		2006		2005
ASSETS (Note 2)				
Intragovernmental				
Fund Balance with U.S. Treasury (Note 3)	$	14,987,451	$	15,484,129
Investments, Net (Note 5)		2,082,266		2,140,967
Accounts Receivable, Net (Note 6)		376,360		331,297
Other Assets (Note 10)		115,153		143,690
Total Intragovernmental		17,561,230		18,100,083
Cash and Monetary Assets (Note 4)		109,676		154,707
Accounts Receivable, Net (Note 6)		93,837		100,429
Inventory and Related Property, Net (Note 7)		216,377		157,956
Forfeited Property, Net (Note 8)		132,409		89,598
General Property, Plant and Equipment, Net (Note 9)		8,167,650		8,027,490
Advances and Prepayments		561,913		433,028
Other Assets (Note 10)		4,097		4,705
Total Assets	**$**	**26,847,189**	**$**	**27,067,996**
LIABILITIES (Note 11)				
Intragovernmental				
Accounts Payable	$	271,000	$	291,651
Accrued Federal Employees' Compensation Act Liabilities		199,266		182,055
Debt (Note 12)		20,000		20,000
Custodial Liabilities (Note 24)		231,355		346,258
Other Liabilities (Note 16)		915,840		627,337
Total Intragovernmental		1,637,461		1,467,301
Accounts Payable		2,344,943		1,874,450
Actuarial Federal Employees' Compensation Act Liabilities		991,561		926,336
Accrued Payroll and Benefits		337,236		324,415
Accrued Annual and Compensatory Leave Liabilities		644,126		643,212
Deferred Revenue		279,000		222,748
Seized Cash and Monetary Instruments (Note 15)		830,835		760,216
Contingent Liabilities (Note 17)		209,620		282,270
Capital Lease Liabilities (Note 14)		59,356		63,946
Radiation Exposure Compensation Act Liabilities		187,616		258,925
Other Liabilities (Note 16)		165,158		537,226
Total Liabilities	**$**	**7,686,912**	**$**	**7,361,045**
NET POSITION				
Unexpended Appropriations - Earmarked Funds (Note 18)	$	60,071		
Unexpended Appropriations - Other Funds		9,079,538	$	10,188,678
Cumulative Results of Operations - Earmarked Funds (Note 18)		3,157,735		
Cumulative Results of Operations - Other Funds		6,862,933		9,518,273
Total Net Position	**$**	**19,160,277**	**$**	**19,706,951**
Total Liabilities and Net Position	**$**	**26,847,189**	**$**	**27,067,996**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands

		Gross Costs			Less: Earned Revenues			Net Cost of
		Intra-	With the		Intra-	With the		Operations
	FY	governmental	Public	Total	governmental	Public	Total	(Note 19)
Goal 1	**2006**	$ 1,014,604	$ 2,683,619	$ 3,698,223	$ 224,556	$ 26,602	$ 251,158	$ 3,447,065
	2005	$ 860,458	$ 2,332,650	$ 3,193,108	$ 229,336	$ 20,157	$ 249,493	$ 2,943,615
Goal 2	**2006**	2,757,753	6,866,468	9,624,221	519,721	464,613	984,334	8,639,887
	2005	2,797,711	6,816,300	9,614,011	673,865	350,978	1,024,843	8,589,168
Goal 3	**2006**	259,156	4,721,527	4,980,683	135,309	118,011	253,320	4,727,363
	2005	372,618	4,930,013	5,302,631	139,041	112,353	251,394	5,051,237
Goal 4	**2006**	1,632,265	7,548,616	9,180,881	801,658	400,861	1,202,519	7,978,362
	2005	1,578,581	7,318,663	8,897,244	848,074	349,012	1,197,086	7,700,158
Total	**2006**	**$ 5,663,778**	**$ 21,820,230**	**$ 27,484,008**	**$ 1,681,244**	**$ 1,010,087**	**$ 2,691,331**	**$ 24,792,677**
	2005	**$ 5,609,368**	**$ 21,397,626**	**$ 27,006,994**	**$ 1,890,316**	**$ 832,500**	**$ 2,722,816**	**$ 24,284,178**

Goal 1: Prevent Terrorism and Promote the Nation's Security
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence
Goal 4: Ensure the Fair and Efficient Operation of the Federal Justice System

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands

	2006				2005
	Earmarked Funds	All Other Funds	Eliminations	Total	Total
Unexpended Appropriations					
Beginning Balances	**$ 153,402**	**$ 10,035,276**	**$ -**	**$ 10,188,678**	**$ 11,479,172**
Budgetary Financing Sources					
Appropriations Received	43,638	22,038,665	-	22,082,303	21,398,290
Appropriations Transferred-In/Out	(9,507)	250,455	-	240,948	230,128
Other Adjustments	(117,163)	(512,460)	-	(629,623)	(512,276)
Appropriations Used	(10,299)	(22,732,398)	-	(22,742,697)	(22,406,636)
Total Budgetary Financing Sources	**(93,331)**	**(955,738)**	**-**	**(1,049,069)**	**(1,290,494)**
Unexpended Appropriations	**$ 60,071**	**$ 9,079,538**	**$ -**	**$ 9,139,609**	**$ 10,188,678**
Cumulative Results of Operations					
Beginning Balances	**$ 2,986,994**	**$ 6,531,279**	**$ -**	**$ 9,518,273**	**$ 9,152,270**
Budgetary Financing Sources					
Other Adjustments	-	(2,500)	-	(2,500)	(60,000)
Appropriations Used	10,299	22,732,398	-	22,742,697	22,406,636
Nonexchange Revenues	713,154	(1,181)	-	711,973	700,774
Donations and Forfeitures of Cash and Cash Equivalents	1,009,217	-	-	1,009,217	514,876
Transfers-In/Out Without Reimbursement	-	122,374	-	122,374	98,145
Other Budgetary Financing Sources	(19,265)	-	-	(19,265)	-
Other Financing Sources					
Donations and Forfeitures of Property	115,687	502	-	116,189	81,754
Transfers-In/Out Without Reimbursement	(23,020)	(12,851)	-	(35,871)	267,870
Imputed Financing from Costs Absorbed by Others (Note 20)	20,204	655,877	(25,823)	650,258	640,126
Total Financing Sources	**1,826,276**	**23,494,619**	**(25,823)**	**25,295,072**	**24,650,181**
Net Cost of Operations	**(1,655,535)**	**(23,162,965)**	**25,823**	**(24,792,677)**	**(24,284,178)**
Net Change	170,741	331,654	-	502,395	366,003
Cumulative Results of Operations	**$ 3,157,735**	**$ 6,862,933**	**$ -**	**$ 10,020,668**	**$ 9,518,273**
Net Position	**$ 3,217,806**	**$ 15,942,471**	**$ -**	**$ 19,160,277**	**$ 19,706,951**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands		2006		2005
Budgetary Resources				
Unobligated Balance, Net, Brought Forward, October 1	$	3,111,033	$	2,703,835
Recoveries of Prior Year Unpaid Obligations		675,208		735,873
Budget Authority				
Appropriations Received		25,718,396		24,401,400
Spending Authority from Offsetting Collections				
Earned				
Collected		5,640,184		5,838,474
Change in Receivables from Federal Sources		184,791		(175,066)
Change in Unfilled Customer Orders				
Advance Received		27,559		(36,967)
Without Advance from Federal Sources		126,595		68,060
Subtotal Budget Authority		31,697,525		30,095,901
Nonexpenditure Transfers, Net, Anticipated and Actual		363,322		325,938
Temporarily not Available Pursuant to Public Law		(1,417,034)		(1,521,503)
Permanently not Available		(526,984)		(573,632)
Total Budgetary Resources (Note 21)	**$**	**33,903,070**	**$**	**31,766,412**
Status of Budgetary Resources				
Obligations Incurred				
Direct	$	24,568,848	$	23,266,938
Reimbursable		6,056,376		5,388,441
Total Obligations Incurred (Notes 21)		30,625,224		28,655,379
Unobligated Balance - Available				
Apportioned		2,182,538		2,321,375
Exempt from Apportionment		152,781		212,048
Total Unobligated Balance - Available		2,335,319		2,533,423
Unobligated Balance not Available		942,527		577,610
Total Status of Budgetary Resources	**$**	**33,903,070**	**$**	**31,766,412**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Combined Statements of Budgetary Resources - Continued
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands		2006		2005
Change in Obligated Balance				
Obligated Balance, Net - Brought Forward, October 1				
Unpaid Obligations	$	12,190,703	$	13,515,350
Less: Uncollected Customer Payments from Federal Sources		1,229,020		1,336,025
Total Unpaid Obligated Balance, Net - Brought Forward, October 1		10,961,683		12,179,325
Obligations Incurred, Net		30,625,224		28,655,379
Less: Gross Outlays		30,117,845		29,244,221
Less: Recoveries of Prior Year Unpaid Obligations, Actual		675,208		735,873
Change in Uncollected Customer Payments from Federal Sources		(311,386)		107,006
Obligated Balance, Net - End of Period				
Unpaid Obligations		12,022,870		12,190,703
Less: Uncollected Customer Payments from Federal Sources		1,540,402		1,229,020
Total Unpaid Obligated Balance, Net - End of Period		10,482,468		10,961,683
Outlays				
Gross Outlays	$	30,117,845	$	29,244,221
Less: Offsetting Collections		5,667,744		5,801,508
Less: Distributed Offsetting Receipts		786,338		447,143
Total Net Outlays (Note 21)	**$**	**23,663,763**	**$**	**22,995,570**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Consolidated Statements of Financing
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands	2006	2005
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$ 30,625,224	$ 28,655,379
Less: Spending Authority from Offsetting Collections and Recoveries	6,654,337	6,430,374
Obligations Net of Offsetting Collections and Recoveries	23,970,887	22,225,005
Less: Offsetting Receipts	786,338	447,143
Net Obligations	23,184,549	21,777,862
Other Resources		
Donations and Forfeitures of Property	116,189	81,754
Transfers-In/Out Without Reimbursement	(35,871)	267,870
Imputed Financing from Costs Absorbed by Others (Note 20)	650,258	640,126
Net Other Resources Used to Finance Activities	730,576	989,750
Total Resources Used to Finance Activities	**23,915,125**	**22,767,612**
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	795,596	1,697,306
Resources That Fund Expenses Recognized in Prior Periods (Note 22)	(168,206)	(344,935)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	306,577	(41,742)
Resources That Finance the Acquisition of Assets	(812,749)	(711,786)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	9,318	(2,542)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	**130,536**	**596,301**
Total Resources Used to Finance the Net Cost of Operations	**$ 24,045,661**	**$ 23,363,913**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Consolidated Statements of Financing (Continued)
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands	2006	2005
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual and Compensatory Leave Liabilities	$ 17,167	$ 34,572
(Increase)/Decrease in Exchange Revenue Receivable from the Public	19,450	3,878
Other	99,787	316,507
Total Components of Net Cost of Operations That will Require or Generate Resources in Future Periods (Note 22)	136,404	354,957
Components not Requiring or Generating Resources		
Depreciation and Amortization	582,872	552,616
Revaluation of Assets or Liabilities	27,350	2,303
Other	390	10,389
Total Components of Net Cost of Operations That will not Require or Generate Resources	610,612	565,308
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	**747,016**	**920,265**
Net Cost of Operations	**$ 24,792,677**	**$ 24,284,178**

The accompanying notes are an integral part of these financial statements.

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2006 and 2005

Dollars in Thousands	2006	2005
Revenue Activity		
Sources of Cash Collections		
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ 3,669,303	$ 3,140,374
Fees and Licenses	9,369	8,610
Fines, Penalties and Restitution Payments - Civil	4,712	4,954
Fines, Penalties and Restitution Payments - Criminal	414,146	27,658
Miscellaneous	4,966	7,743
Total Cash Collections	4,102,496	3,189,339
Accrual Adjustments	(622)	(41)
Total Custodial Revenue	4,101,874	3,189,298
Disposition of Collections		
Transferred to Federal Agencies		
Agency for International Development	(7,162)	(29,236)
Department of State	(80)	(449)
Environmental Protection Agency	(221,558)	(189,565)
Federal Communications Commission	(103,417)	(13,571)
Federal Deposit Insurance Corporation	(2,011)	(860)
Federal Trade Commission	(20,403)	(6,395)
General Services Administration	(16,969)	(31,006)
National Aeronautics and Space Administration	(117,684)	(1,822)
Office of Personnel Management	(58,477)	(17,516)
Small Business Administration	(10,577)	(10,250)
Social Security Administration	(801)	(591)
U.S. Army Corps of Engineers	(2,802)	(1,970)
U.S. Department of Agriculture	(93,822)	(110,386)
U.S. Department of Commerce	(22,760)	(3,613)
Office of the Secretary of Defense-Defense Agencies	(589,933)	(85,836)
U.S. Department of Education	(15,849)	(19,092)
U.S. Department of Energy	(9,846)	(10,297)
U.S. Department of Health and Human Services	(1,248,381)	(530,979)
U.S. Department of Homeland Security	(14,512)	(27,579)
U.S. Department of Housing and Urban Development	(39,578)	(8,474)
U.S. Department of Justice	(490,669)	(410,504)
U.S. Department of Labor	(1,420)	(1,416)
U.S. Department of the Interior	(36,587)	(27,475)
U.S. Department of the Treasury	(284,358)	(993,349)
U.S. Department of Transportation	(15,087)	(3,479)
U.S. Department of Veterans Affairs	(10,587)	(9,420)
U.S. Postal Service	(29,354)	(56,020)
Other	(14,147)	(103,761)
Transferred to the Public	(999,628)	(209,539)
(Increase)/Decrease in Amounts Yet to be Transferred	484,818	(189,743)
Refunds and Other Payments	(807)	(469)
Retained by the Reporting Entity	(107,426)	(84,636)
Net Custodial Activity (Note 24)	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Department has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the United States Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Working Capital Fund (WCF)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements." These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Assets and Other Liabilities as defined by OMB Circular A-136 have been disaggregated on the balance sheet. These include Forfeited Property, Net, Advances and Prepayments, Accrued Federal Employees' Compensation Act Liabilities, Custodial Liabilities, Actuarial Federal Employees' Compensation Act Liabilities, Accrued Payroll and Benefits, Accrued Annual and Compensatory Leave Liabilities, Deferred Revenue, Seized Cash and Monetary Instruments, Contingent Liabilities, Capital Lease Liabilities, and Radiation Exposure Compensation Act Liabilities.

FPI, a reporting component of the Department of Justice, operates as a government corporation and does not receive annual appropriations. The budgetary accounting data is presented to best represent the budget activity of FPI based solely on proprietary accounting data.

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, WCF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. All significant proprietary intra-entity transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2006 and 2005, and as such, intra-entity transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements.

Custodial activity reported on the Statement of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors to the federal government. Accrual adjustments are made related to collections of fees and licenses.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

D. Basis of Accounting (continued)

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

E. Non-Entity Assets

Non-entity assets are not available for use by the Department and consist primarily of restricted undisbursed civil and criminal debt collections, seized cash, accounts receivable, and other monetary assets.

F. Fund Balance with U.S. Treasury and Cash

Funds with the Treasury represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury as directed by authorized certifying officers processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

G. Investments

Investments are market-based Treasury securities issued by the Bureau of Public Debt. When securities are purchased, the investment is recorded at face value (the value at maturity). Premiums and/or discounts are amortized through the end of the reporting period. The Department's intent is to hold investments to maturity, unless securities are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File which can be found on the Bureau of Public Debt website (http://www.fedinvest.gov/).

Asset Forfeiture Fund, U.S. Trustee System Fund and Federal Prison Commissary Fund are three earmarked funds that invest in Treasury securities. The U.S. Treasury does not set aside assets to pay future expenditures associated with earmarked funds. Instead, the cash generated from earmarked funds is used by the U.S. Treasury for general Government purposes. When these earmarked funds redeem their Treasury securities to make expenditures, the U.S. Treasury will finance the expenditures in the same manner that it finances all other expenditures. Treasury securities held by an earmarked fund are an asset of the fund and a liability of the U.S. Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and others, less the allowance for doubtful accounts. Generally, most intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year end.

I. Inventory and Related Property

Inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commission sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

The value of new stock is determined on the basis of acquisition cost, whereas, the value of rehabilitated stock is determined on the basis of rehabilitation and transportation costs. Inventory on hand at year end is reported at the lower of original cost (using the first-in, first-out method) or current market value. Recorded values of inventories are adjusted for the results of physical inventories conducted throughout and at the close of the fiscal year.

An allowance for inventory valuation and obsolescence is recorded for anticipated inventory losses of contracts where the current estimated cost to manufacture the item exceeds the total sales price, as well as estimated losses for inventories that may not be utilized in the future.

J. General Property, Plant and Equipment

Real property, except for land, and leasehold improvements are capitalized when the cost of acquiring and/or improving the asset is $100 or more and the asset has a useful life of two or more years. Land is capitalized regardless of the acquisition cost. Real property is depreciated, based on historical cost, using the straight-line method over the estimated useful lives of the assets.

Except for BOP and FPI, Department acquisitions of personal property, excluding internal use software, $25 and over are capitalized if the asset has an estimated useful life of two or more years. Personal property is depreciated, based on historical cost, using the straight-line method over the estimated useful lives of the assets. BOP and FPI capitalize personal property acquisitions over $5.

Internal use software is capitalized when developmental phase costs or enhancement costs are $500 or more and the asset has an estimated useful life of two or more years. Aircraft are capitalized when the initial cost of acquiring those assets is $100 or more.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheet, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and travel advances issued to federal employees for official travel. Travel advances are limited to meals and incidental expenses expected to be incurred by the employees during official travel. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. This property is recorded at the estimated fair market value at the time of forfeiture. The value of the property is reduced by the estimated liens of record.

Property is seized in consequence of a violation of public law. Seized property can include monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most non-cash property is held by the USMS from the point of seizure until its disposition. This property is recorded at the estimated fair market value at the time of seizure.

M. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11.

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 note (1990), providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. The September 30, 2006 and 2005 estimated liabilities are based on historical data collected since the Program commenced operations in 1992, and management's assumptions concerning receipt and approval of claims in the future. Key factors in determining liability are the number of claims filed, the number of claims approved, and estimates for these factors through FY 2022. These estimates are then discounted in accordance with the discount rates set by the Office of Management and Budget.

Congress granted the FPI borrowing authority pursuant to Public Law 100-690. Under this authority, the FPI borrowed $20,000 from the Treasury with a lump-sum maturity date of September 30, 2008.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

N. Contingencies and Commitments

The Department is involved in various legal actions, including administrative proceedings, lawsuits, and claims. A liability is generally recognized as an unfunded liability for those legal actions where unfavorable decisions are considered "probable" and an estimate for the liability can be made. Contingent liabilities that are considered "reasonably possible" are disclosed in Note 17. Liabilities that are considered "remote" are not recognized in the financial statements or disclosed in the notes to the financial statements.

O. Annual, Sick, and Other Leave

Annual and compensatory leave is expensed with an offsetting liability as it is earned and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

P. Interest on Late Payments

Pursuant to the Prompt Payment Act, 31 U.S.C. § 3901-3907, Department of Justice pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

Q. Retirement Plan

With few exceptions, employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS) and employees hired on or after that date are covered by the Federal Employees Retirement System (FERS). For employees covered by CSRS, the Department contributes 7% of the employees' gross pay for regular and 7.5% for law enforcement officers retirement. For employees covered by FERS, the Department contributes 11.2% of employees' gross pay for regular and 23.8% for law enforcement officers retirement. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, a TSP account is automatically established, and the Department is required to contribute an additional 1% of gross pay to this plan and match employee contributions up to 4%. No contributions are made to the TSP accounts established by the CSRS employees. The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). Statement of Federal Financial Accounting Standards (SFFAS) No. 5, "Accounting for Liabilities of the Federal Government," requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 20 ― Imputed Financing from Costs Absorbed by Others for additional details.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

R. Federal Employee Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments were discounted to present value. The resulting federal government liability was then distributed by agency. The Department portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period.

The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

Accrued Liability: The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

S. Intragovernmental Activity

These transactions and/or balances result from business activities conducted between two different federal government entities.

T. Revenues and Other Financing Sources

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, no-year, and multi-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional funding is obtained through exchange revenues, nonexchange revenues and transfers-in.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

T. Revenues and Other Financing Sources (continued)

Appropriations are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered. Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance. The pricing policy for FPI goods and services is based on cost plus a predetermined gross margin ratio.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts, ATF taxes and fees from firearms and ammunition industries, and AFF/SADF interest on investments with the Department of the Treasury.

The Department's deferred revenue includes fees received for processing various applications and licenses with DEA for which the process was not completed at the end of fiscal year or for licenses that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

U. Earmarked Funds

The Statement of Federal Financial Accounting Standards (SFFAS) No. 27, "Identifying and Reporting Earmarked Funds" defines 'Earmarked Funds' as being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenues. The three required criteria for an Earmarked Fund are:

1. A statute committing the federal Government to use specifically identified revenues and other financing sources only for designated activities, benefits or purposes;
2. Explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
3. A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the Earmarked Fund from the Government's general revenues.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

U. Earmarked Funds (continued)

The following funds meet the definition of an Earmarked Fund: Assets Forfeiture Fund, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

Effective October 1, 2005, reporting entities are required to show earmarked nonexchange revenue and other financing sources and net cost of operations separately on the Statement of Changes in Net Position. Reporting entities are also required to show the portion of cumulative results of operations attributable to earmarked funds separately on the Statement of Changes in Net Position and on the Balance Sheet. For FY 2006, reporting entities are not required to restate the prior period columns of the financial statements and related disclosures. Accordingly, the previously-reported total amounts of unexpended appropriations and cumulative results of operations are shown on the “Other Funds” lines within Net Position in the FY2005 column on the Balance Sheet.

V Tax Exempt Status

As an agency of the federal government, the Department is exempt from all taxes imposed by any governing body whether it be a federal, state, commonwealth, local, or foreign government.

W. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

X. Reclassifications

The FY 2005 Statement of Budgetary Resources was prepared in the new FY 2006 format according to OMB Circular A-136. The FY 2005 financial statements were reclassified to conform to the FY 2006 Departmental financial statement presentation requirements. In addition, the FPI unobligated balance reported in the Statement of Budgetary Resources and the obligations incurred amounts reported in the related note 21were reclassified from “other available” and Category A apportionments to correctly show the amounts as exempt from apportionment. The reclassifications had no material effect on total assets, liabilities, net position, change in net position or budgetary resources as previously reported.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 2. Non-Entity Assets

As of September 30, 2006 and 2005

	2006	2005
Intragovernmental		
Fund Balance with U.S. Treasury	$ 797,293	$ 684,781
Investments, Net	817,928	1,083,654
Total Intragovernmental	$ 1,615,221	$ 1,768,435
With the Public		
Cash and Monetary Assets	94,434	138,633
Accounts Receivable, Net	12,235	11,303
Total With the Public	106,669	149,936
Total Non-Entity Assets	1,721,890	1,918,371
Total Entity Assets	25,125,299	25,149,625
Total Assets	$ 26,847,189	$ 27,067,996

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 3. Fund Balance with U.S. Treasury

The Fund Balances with U.S. Treasury represent the unexpended balances on the Department's books for all the Department's Treasury Symbols.

As of September 30, 2006 and 2005

	2006	2005
Fund Balances		
Trust Funds	$ 203,731	$ 303,258
Revolving Funds	536,612	380,256
Appropriated Funds	10,627,422	11,698,427
Other Fund Types	3,619,686	3,102,188
Total Fund Balances with U.S. Treasury	$ 14,987,451	$ 15,484,129
Status of Fund Balances		
Unobligated Balance - Available	$ 2,335,319	$ 2,533,423
Unobligated Balance - Unavailable	942,527	577,610
Obligated Balance not yet Disbursed	10,482,468	10,961,683
Other Funds (With)/Without Budgetary Resources	1,227,137	1,411,413
Total Status of Fund Balances	$ 14,987,451	$ 15,484,129

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance becomes unavailable and may be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances are still subject to the annual apportionment and allotment process.

Other Funds (With)/Without Budgetary Resources primarily represent the net difference of 1) investments in short-term securities with budgetary resources, 2) resources temporarily not available pursuant to public law, 3) custodial liabilities, and 4) miscellaneous receipts.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 4. Cash and Monetary Assets

As of September 30, 2006 and 2005

	2006	2005
Cash		
Undeposited Collections	$ 3,876	$ 4,344
Imprest Funds	9,433	9,419
Seized Cash Deposited	51,177	47,381
Other Cash	2,776	1,647
Total Cash	67,262	62,791
Foreign Currency	-	311
Monetary Assets		
Seized Monetary Instruments	41,234	89,599
Other Monetary Assets	1,180	2,006
Total Monetary Assets	42,414	91,605
Total Cash and Monetary Assets	$ 109,676	$ 154,707

Note 5. Investments, Net

	Face Value	Unamortized Premium (Discount)	Investments, Net	Market Value
As of September 30, 2006				
Intragovernmental				
Non-Marketable Securities				
Market Based	$ 2,096,281	$ (14,015)	$ 2,082,266	$ 2,081,618
Subtotal	2,096,281	$ (14,015)	$ 2,082,266	2,081,618
Interest Receivable	2,193			2,193
Total	$ 2,098,474			$ 2,083,811
As of September 30, 2005				
Intragovernmental				
Non-Marketable Securities				
Market Based	$ 2,153,224	$ (12,257)	$ 2,140,967	$ 2,159,994
Subtotal	2,153,224	$ (12,257)	$ 2,140,967	2,159,994
Interest Receivable	802			802
Total	$ 2,154,026			$ 2,160,796

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 6. Accounts Receivable, Net

As of September 30, 2006 and 2005

	2006	2005
Intragovernmental		
Accounts Receivable	$ 378,207	$ 334,124
Allowance for Uncollectible Accounts	(1,847)	(2,827)
Total Intragovernmental	376,360	331,297
With the Public		
Accounts Receivable	118,936	128,203
Allowance for Uncollectible Accounts	(25,099)	(27,774)
Total With the Public	93,837	100,429
Total Accounts Receivable, Net	$ 470,197	$ 431,726

The accounts receivable with the public primarily consists of OBDs U.S. Trustee Chapter 11 quarterly fees, Integrated Automated Fingerprint Identification System fees, court mandated restitution, and refunds due from the public.

Note 7. Inventory and Related Property, Net

As of September 30, 2006 and 2005

	2006	2005
Inventory		
Raw Materials	$ 68,486	$ 35,539
Work in Process	45,752	32,401
Finished Goods	56,982	43,213
Inventory Purchased for Resale	16,379	16,627
Excess, Obsolete, and Unserviceable	29,958	24,554
Inventory Allowance	(13,090)	(10,641)
Operating Materials and Supplies		
Held for Current Use	11,910	16,263
Total Inventory and Related Property, Net	$ 216,377	$ 157,956

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property

Equitable Sharing Payments:

The statute governing the use of the AFF (28 U.S.C. §524(c)) permits the payment of equitable shares of forfeiture proceeds to participating foreign governments and state and local law enforcement agencies. The statute does not require such sharing and permits the Attorney General wide discretion in determining those transfers. Actual sharing is difficult to predict because many factors influence both the amount and timing of disbursement of equitable sharing payments, such as the length of time required to move an asset through the forfeiture process to disposition, the amount of net proceeds available for sharing, the elapse of time for Departmental approval of equitable sharing requests for cases with asset values exceeding $1 million, and appeal of forfeiture judgments. Because of uncertainties surrounding the timing and amount of any equitable sharing payment, an obligation and expense are recorded only when the actual disbursement of the equitable sharing payment is imminent. The anticipated equitable sharing allocation level for FY 2007 is $325 million.

Analysis of Change in Forfeited Property:

Pursuant to Federal Financial Accounting and Auditing Technical Release 4, "Reporting on Non-Valued Seized and Forfeited Property," the value of forfeited property with no legal market in the United States (e.g., weapons, chemicals, drug paraphernalia, gambling devices, etc.) is not included in the net forfeited property value, although the item count of these non-valued items is disclosed. Only AFF/SADF reports forfeited property.

The number of items represents quantities calculated using many different units of measure. The adjustments for FYs 2006 and 2005 include property status and valuation changes received after, but properly credited to FYs 2005 and 2004, respectively. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2006

Forfeited Property Category		Beginning Balance	Adjust-ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance Net of Liens
Financial Instruments	Number	211	22	576	300	509	-	509
	Value	$ 2,395	$ 387	$ 45,966	$ 37,402	$ 11,346	$ 12	$ 11,334
Real Property	Number	329	5	399	393	340	-	340
	Value	$ 58,615	$ 42	$110,538	$ 82,668	$ 86,527	$ 1,662	$ 84,865
Personal Property	Number	2,902	(491)	5,017	4,415	3,013	-	3,013
	Value	$ 31,962	$ (2,280)	$ 65,459	$ 57,181	$ 37,960	$ 1,750	$ 36,210
Non-Valued	Number	26,288	(3,028)	31,778	15,261	39,777	-	39,777
Total	Number	29,730	(3,492)	37,770	20,369	43,639	-	43,639
	Value	$ 92,972	$ (1,851)	$221,963	$ 177,251	$135,833	$ 3,424	$ 132,409

For the Fiscal Year Ended September 30, 2005

Forfeited Property Category		Beginning Balance	Adjust-ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance Net of Liens
Financial Instruments	Number	39	46	373	247	211	-	211
	Value	$ 1,983	$ (291)	$ 10,009	$ 9,306	2,395	$ 41	$ 2,354
Real Property	Number	288	136	321	416	329	-	329
	Value	$ 40,993	$ 15,057	$ 67,928	$ 65,363	58,615	$ 2,450	$ 56,165
Personal Property	Number	2,141	36	4,752	4,027	2,902	-	2,902
	Value	$ 23,940	$ (1,735)	$180,627	$ 170,870	31,962	$ 883	$ 31,079
Non-Valued	Number	16,789	(1,165)	23,823	13,159	26,288	-	26,288
Total	Number	19,257	(947)	29,269	17,849	29,730	-	29,730
	Value	$ 66,916	$ 13,031	$258,564	$ 245,539	$ 92,972	$ 3,374	$ 89,598

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Method of Disposition of Forfeited Property:

During FYs 2006 and 2005, $106,914 and $87,290 of forfeited property were sold, $1,230 and $130,745 were destroyed or donated, $33,431 and $6,380 were returned to owners, and $35,676 and $21,124 were disposed of by other means, respectively. Other means of distribution include property transferred to other federal agencies for official use or equitable sharing, property distributed to a state or local agency, or property that is destroyed.

Analysis of Change in Seized Property:

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the Assets Forfeiture Fund and Seized Asset Deposit Fund. The Department has established a reporting threshold of $1,000 or more for Personal Property seized for evidentiary purposes.

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, firearms, explosives, tobacco, alcohol, and illegal drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

Pursuant to Federal Financial Accounting and Auditing Technical Release 4, “Reporting on Non-Valued Seized and Forfeited Property,” the value of seized property with no legal market in the United States (e.g., explosives, chemicals, drug paraphernalia, gambling devices, etc.) is not included in the net seized property value, although the item count of non-valued items is disclosed. The gross value of seized property, less estimated liens, equals the net seized property value.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

The adjustments for FYs 2006 and 2005 include property status and valuation changes received after, but properly credited to FYs 2005 and 2004, respectively. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

For the Fiscal Year Ended September 30, 2006

Seized Property Category		Beginning Balance	Adjust-ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance Net of Liens
Seized for Forfeiture								
Seized Cash Deposited and Seized Monetary Instruments	Value	$ 711,192	$ 1,336	$726,866	$642,193	$ 797,201	$48,890	$ 748,311
Financial Instruments	Number	234	(43)	170	103	258	-	258
	Value	$ 24,459	$ (2,977)	$ 22,285	$ 2,886	$ 40,881	$ 2,007	$ 38,874
Real Property	Number	294	4	347	343	302	-	302
	Value	$ 81,211	$ 225	$107,623	$ 98,730	$ 90,329	$21,382	$ 68,947
Personal Property	Number	6,144	(314)	6,300	6,255	5,875	-	5,875
	Value	$ 123,419	$ (5,532)	$ 86,804	$ 99,414	$ 105,277	$12,751	$ 92,526
Non-Valued	Number	48,702	1,690	30,458	33,462	47,388	-	47,388
Seized for Evidence								
Seized Monetary Instruments	Value	$ 49,024	$(20,263)	$ 35,715	$ 30,842	$ 33,634	$ -	$ 33,634
Personal Property	Number	122,154	(457,052)	396,773	6,389	55,486	-	55,486
	Value	$ 25,252	$ 18,308	$ 12,491	$ 22,216	$ 33,835	$ -	$ 33,835

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2005

Seized Property Category		Beginning Balance	Adjust-ments	Seizure	Disposals	Ending Balance	Liens and Claims	Ending Balance Net of Liens
Seized for Forfeiture:								
Seized Cash Deposited and Seized Monetary Instruments	Value	$ 624,850	$ 6,018	$627,494	$547,170	$ 711,192	$38,862	$ 672,330
Financial Instruments	Number	266	(81)	165	116	234	-	234
	Value	$ 22,668	$ (2,425)	$ 11,419	$ 7,203	$ 24,459	$ 296	$ 24,163
Real Property	Number	413	(61)	229	287	294	-	294
	Value	$ 63,277	$ 9,455	$ 66,771	$ 58,292	$ 81,211	$20,969	$ 60,242
Personal Property	Number	5,639	169	6,557	6,221	6,144	-	6,144
	Value	$ 94,527	$ (9,186)	$126,709	$ 88,631	$ 123,419	$13,673	$ 109,746
Non-Valued	Number	43,225	52	30,475	25,050	48,702	-	48,702
Seized for Evidence:								
Seized Monetary Instruments	Value	$ 29,032	$ 17,204	$ 14,526	$ 11,738	$ 49,024	$ -	$ 49,024
Personal Property	Number	76,021	3,972	61,575	19,414	122,154	-	122,154
	Value	$ 20,674	$ 1,905	$ 24,591	$ 21,918	$ 25,252	$ -	$ 25,252

Method of Disposition of Seized Property:

During FYs 2006 and 2005, $764,526 and $583,601 of seized property were forfeited, $99,494 and $129,735 were returned to parties with a bonafide interest, and $32,261 and $21,616 were disposed of by other means, respectively. Other means of disposition include seized property that is sold, converted to cash, or destroyed.

(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Analysis of Drug Evidence:

The DEA, FBI, and ATF have custody of illegal drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release No. 4, "Reporting on Non-Valued Seized and Forfeited Property," the Department reports the total amount of seized drugs by quantity only, as illegal drugs have no value and are destroyed upon resolution of legal proceedings.

Analyzed drug evidence represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 kilogram in weight. The following table represents analyzed drug evidence activity:

For the Fiscal Year Ended September 30, 2006

Analyzed Drug Evidence	Beginning Balance	Analyzed	Disposed	Ending Balance
(Amounts in KG)				
Cocaine	451,406	97,482	79,652	469,236
Heroin	3,667	940	1,375	3,232
Marijuana	27,256	6,282	12,148	21,390
Methamphetamine	9,451	1,693	2,644	8,500
Other	50,478	17,028	15,233	52,273
Total	542,258	123,425	111,052	554,631

For the Fiscal Year Ended September 30, 2005

Analyzed Drug Evidence	Beginning Balance	Analyzed	Disposed	Ending Balance
(Amounts in KG)				
Cocaine	1,008,782	131,249	688,625	451,406
Heroin	10,980	829	8,142	3,667
Marijuana	97,922	7,679	78,345	27,256
Methamphetamine	6,478	4,566	1,593	9,451
Other	136,502	9,415	95,439	50,478
Total	1,260,664	153,738	872,144	542,258

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Bulk drug evidence is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time. The following table presents the bulk drug evidence activity, in kilograms:

For the Fiscal Years Ended September 30, 2006 and 2005

Fiscal Year	Beginning Balance	Adjustments	Seized	Destroyed	Ending Balance
2006	147,422	(1,310)	690,315	695,143	141,284
2005	151,513	(831)	645,030	648,290	147,422

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 9. General Property, Plant and Equipment, Net

Items are generally depreciated using the straight-line method.

As of September 30, 2006

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life
Land and Land Rights	$ 202,692	$ -	$ 202,692	N/A
Construction in Progress	605,054	-	605,054	N/A
Buildings, Improvements and Renovations	8,170,995	(2,528,524)	5,642,471	24-50 yrs
Other Structures and Facilities	658,427	(257,769)	400,658	10-50 yrs
Aircraft	231,598	(71,507)	160,091	7-25 yrs
Boats	3,005	(1,671)	1,334	18 yrs
Vehicles	383,706	(234,308)	149,398	2-25 yrs
Equipment	1,212,499	(744,973)	467,526	2-25 yrs
Assets Under Capital Lease	107,412	(46,709)	60,703	5-20 yrs
Leasehold Improvements	568,335	(300,470)	267,865	2-20 yrs
Internal Use Software	134,343	(66,905)	67,438	5-7 yrs
Internal Use Software in Development	142,420	-	142,420	N/A
Total	$ 12,420,486	$ (4,252,836)	$ 8,167,650	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2006	$ 118,589	$ 635,738	$ 754,327

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 9. General Property, Plant and Equipment, Net (continued)

As of September 30, 2005

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life
Land and Land Rights	$ 203,103	$ -	$ 203,103	N/A
Construction in Progress	611,257	-	611,257	N/A
Buildings, Improvements and Renovations	7,844,295	(2,253,157)	5,591,138	24-50 yrs
Other Structures and Facilities	599,498	(227,951)	371,547	10-50 yrs
Aircraft	192,288	(62,794)	129,494	7-25 yrs
Boats	3,006	(1,504)	1,502	18 yrs
Vehicles	371,544	(223,102)	148,442	2-25 yrs
Equipment	1,110,056	(630,339)	479,717	2-25 yrs
Assets Under Capital Lease	106,105	(41,424)	64,681	5-20 yrs
Leasehold Improvements	534,798	(245,678)	289,120	2-20 yrs
Internal Use Software	104,625	(51,180)	53,445	5-7 yrs
Internal Use Software in Development	83,856	-	83,856	N/A
Other General Property, Plant and Equipment	253	(65)	188	10-20 yrs
Total	$ 11,764,684	$ (3,737,194)	$ 8,027,490	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2005	$ 106,122	$ 669,881	$ 776,003

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 10. Other Assets

As of September 30, 2006 and 2005

	2006	2005
Intragovernmental		
Advances to Others	$ 102,413	$ 130,505
Prepayments	12,705	13,077
Other Intragovernmental Assets	35	108
Total Intragovernmental	115,153	143,690
Other Assets With the Public	4,097	4,705
Total Other Assets	$ 119,250	$ 148,395

Other Assets With the Public primarily consist of farm livestock held by the Bureau of Prisons.

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2006 and 2005

	2006	2005
Intragovernmental		
Accrued FECA Liabilities	$ 199,040	$ 181,873
Unemployment Compensation for Federal Employees	1,431	-
Total Intragovernmental	200,471	181,873
With the Public		
Actuarial FECA Liabilities	991,561	926,336
Accrued Annual and Compensatory Leave Liabilities	644,126	643,212
Deferred Revenue	144,927	131,690
Contingent Liabilities (Note 17)	209,620	282,270
Capital Lease Liabilities (Note 14)	59,348	63,899
RECA Liabilities	187,616	258,925
Other Liabilities	5,569	6,296
Total With the Public	2,242,767	2,312,628
Total Liabilities not Covered by Budgetary Resources	2,443,238	2,494,501
Total Liabilities Covered by Budgetary Resources	5,243,674	4,866,544
Total Liabilities	$ 7,686,912	$ 7,361,045

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. However, some liabilities do not require appropriations and will be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 12. Debt

In FY 1998, Congress granted FPI borrowing authority pursuant to Public Law 100-690. Under this authority, FPI borrowed $20,000 from the Treasury with an extended lump-sum maturity date of September 30, 2008. The funds received under this loan were internally restricted for use in the construction of plant facilities and the purchase of equipment. The loan accrues interest, payable March 31 and September 30 of each year, at 5.5% (the rate equivalent to the yield of Treasury obligations of comparable maturities which existed on the date of the loan extension). Accrued interest payable under the loan is either fully or partially offset to the extent the non-interest bearing cash deposits are maintained with the Treasury. In this regard, there is no accrual of interest unless the cash balance, on deposit with the Treasury, falls below $20,000. When this occurs, interest is calculated on the difference between the loan amount ($20,000) and the cash balance.

The loan agreement provides for certain restrictive covenants and a prepayment penalty for debt retirements prior to FY 2008. Additionally, the agreement limits authorized borrowings in an aggregate amount not to exceed 25% of the FPI's net equity. There were no net interest expenses for the fiscal years ended September 30, 2006 and 2005, respectively.

Note 13. Environmental and Disposal Liabilities

The DEA owns a section of land located in Chicago, Illinois. Soil samples taken from this land, after the removal of underground storage tanks, indicated levels of benzene, ethyl benzene, and lead that were above soil remediation standards. Phase I of an environmental site assessment was conducted on January 15, 2002, for this site. The assessment revealed evidence of a potential environmental condition and recommended the study be extended to determine the extent of the contamination. Phase II of the environmental site assessment was completed in FY 2003 and filed with the Illinois Environmental Protection Agency. This assessment indicated that the soil contained lead. The Illinois Environmental Protection Agency requested further testing in order to define the limits of the impacted soil and groundwater. The GSA completed the additional tests and provided a copy to the City of Chicago, which has expressed an interest in purchasing the property. GSA is taking the position that the lead is associated with petroleum product contamination on the property that is not subject to the Comprehensive Environmental Recovery, Compensation and Liability Act (CERCLA). A delegation of authority to sell the property has been requested of DEA by GSA. DEA's Chief Counsel is researching the issue. If a sales agreement can be negotiated, the federal government would be allowed to convey title to the property to the City of Chicago with an agreed upon clean-up plan in place, to be performed by the city after the sale.

The BOP operates firing ranges on 63 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. Lead shot left in the ground may pose a threat to human health and the environment. BOP may be liable under federal or state laws for the cost of cleaning up its firing range waste.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 13. Environmental and Disposal Liabilities (continued)

BOP generally uses its firing ranges for indefinite periods of time. As a result, BOP recognizes environmental clean up costs associated with these firing ranges at the time it becomes probable the firing range waste will be remediated and an associated cleanup cost can be estimated, rather than over the lives of the firing ranges, which are indeterminate. As of September 30, 2006, and 2005, the BOP had not incurred any liabilities for the cost of environmental clean up of firing range waste.

When BOP determines it is reasonably possible that firing range clean-up costs will be incurred, the nature and clean-up costs, if estimable, will be disclosed in the footnotes to the financial statements. FCI Englewood, CO, was considering closing its firing range, however, they have decided to keep it open.

Note 14. Leases

Capital leases include a Federal Detention Center (25 year lease term) in Oklahoma City, Oklahoma; an airplane hangar (20 year lease term) in Oklahoma City, Oklahoma; and a training facility (16 year lease term) in Pineville, Louisiana.

As of September 30, 2006 and 2005

Capital Leases	2006	2005
Summary of Assets Under Capital Lease		
Land and Buildings	$ 104,070	$ 104,070
Machinery and Equipment	3,342	2,035
Accumulated Amortization	(46,709)	(41,424)
Total Assets Under Capital Lease (Note 9)	$ 60,703	$ 64,681

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 14. Leases (continued)

The net capital lease liability not covered by budgetary resources, primarily represents the capital lease of the Federal Detention Center for which the Department received congressional authority to fund with annual appropriations.

Future Capital Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2007	$ 10,466	$ 799	$ 11,265
2008	10,466	740	11,206
2009	10,086	98	10,184
2010	10,086	16	10,102
2011	10,086	2	10,088
After 2011	27,379	-	27,379
Total Future Capital Lease Payments	$ 78,569	$ 1,655	$ 80,224
Less: Imputed Interest	(20,704)	(164)	(20,868)
FY 2006 Net Capital Lease Liabilities	$ 57,865	$ 1,491	$ 59,356
FY 2005 Net Capital Lease Liabilities	$ 63,423	$ 523	$ 63,946

	2006	2005
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 8	$ 47
Net Capital Lease Liabilities not Covered by Budgetary Resources	$ 59,348	$ 63,899

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 14. Leases (continued)

Operating leases have been established for multiple years. Many of the operating leases that expire over an extended period of time include an option to purchase the equipment at the current fair market value, or to renew the lease for additional periods.

Current Year Operating Lease Expenses

Lease Type	2006	2005
Noncancelable Operating Leases	$ 72,201	$ 46,084
Cancelable Operating Leases	1,243,820	1,256,545
Total Operating Lease Expenses	$ 1,316,021	$ 1,302,629

Future Noncancelable Operating Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2007	$ 57,246	$ 11,848	$ 69,094
2008	63,265	12,051	75,316
2009	63,501	11,747	75,248
2010	62,776	6,361	69,137
2011	63,092	2,784	65,876
After 2011	509,730	-	509,730
Total Future Noncancelable Operating Lease Payments	$ 819,610	$ 44,791	$ 864,401

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 15. Seized Cash and Monetary Instruments

The liability for Seized Cash and Monetary Instruments represents seized assets held by the Department pending disposition.

As of September 30, 2006 and 2005

	2006	2005
Investments, Net	$ 738,424	$ 623,236
Seized Cash Deposited	51,177	47,381
Seized Monetary Instruments	41,234	89,599
Total Seized Cash and Monetary Instruments	$ 830,835	$ 760,216

Note 16. Other Liabilities

As of September 30, 2006 and 2005

	2006	2005
Intragovernmental		
Other Accrued Liabilities	$ 323	$ 308
Employer Contributions and Payroll Taxes Payable	94,351	89,584
Other Unfunded Employment Related Liabilities	1,471	-
Advances from Others	275,814	233,971
Liability for Deposit Funds, Clearing Accounts and Undeposited Collections	47,815	16,454
Other Liabilities	496,066	287,020
Total Intragovernmental	915,840	627,337
With the Public		
Other Accrued Liabilities	4,257	4,298
Advances from Others	2,403	2,387
Liability for Deposit Funds, Clearing Accounts and Undeposited Collections	49,181	49,929
Accounts Payable from Canceled Appropriations	137	-
Custodial Liabilities	108,000	478,606
Other Liabilities	1,180	2,006
Total With the Public	165,158	537,226
Total Other Liabilities	$ 1,080,998	$ 1,164,563

Intragovernmental other liabilities primarily represent civil debt collections where the Treasury General Fund is designated as the recipient of either a portion of a collection or the entire amount of a collection.

Note 17. Contingencies and Commitments

The Department is party to various administrative proceedings, legal actions, and claims, including environmental damage claims, equal opportunity matters, and contractual bid protests. The Balance Sheet includes an estimated liability for those legal actions where the Chief Counsel considers adverse decisions "probable." Management has determined that it is probable that some of these proceedings and actions will result in the incurrence of liabilities, and the amounts are reasonably estimable. The estimated liabilities for these cases as of September 30, 2006 and 2005 are $209,620 and $282,270, respectively, and are recorded in the financial statements. There were also 0 and 1 cases as of September 30, 2006 and 2005, respectively, for which an adverse decision was considered probable, but for which an estimate of potential loss could not be determined.

There are also legal actions pending where adverse decisions are considered to be reasonably possible. As of September 30, 2006, 56 legal actions are reported as reasonably possible. Of the 56 legal actions, 45 have a potential loss in the range of $156,200 to $248,260. For the remaining 11 legal actions an estimate of potential loss could not be determined.

As of September 30, 2005, 49 legal actions were reported as reasonably possible. Of the 49 legal actions, 34 have a potential loss in the range of $70,297 to $130,747. For the remaining 15 legal actions an estimate of potential loss could not be determined.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 18. Earmarked Funds

The provisions in SFFAS No. 27 for earmarked funds are effective in FY 2006. In accordance with SFFAS No. 27, the prior period columns of the financial statements and the related disclosures were not restated. Summarized financial information about the Department's individual earmarked funds for FY 2006 is presented below:

As of and for the Fiscal Year Ended September 30, 2006

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Balance Sheet							
Assets							
Fund Balance with U. S. Treasury	$ 411,871	$ 13,501	$ 48,282	$ 2,327,764	$ 59,827	$ 59,832	$ 2,921,077
Investments, Net	698,320	244,418	-	-	-	-	942,738
Other Assets	146,044	21,760	10,800	8,654	40,685	25,954	253,897
Total Assets	$ 1,256,235	$ 279,679	$ 59,082	$ 2,336,418	$ 100,512	$ 85,786	$ 4,117,712
Liabilities							
Accounts Payable	$ 437,704	$ 14,167	$ 10,928	$ 61,289	$ 1,331	$ 13,732	$ 539,151
Other Liabilities	167,409	15,715	11,086	225	157,177	9,143	360,755
Total Liabilities	$ 605,113	$ 29,882	$ 22,014	$ 61,514	$ 158,508	$ 22,875	$ 899,906
Net Position							
Cumulative Results of Operations	$ 651,122	$ 249,797	$ (23,003)	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,157,735
Unexpended Appropriations	-	-	60,071	-	-	-	60,071
Total Net Postion	$ 651,122	$ 249,797	$ 37,068	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,217,806
Total Liabilities and Net Position	$ 1,256,235	$ 279,679	$ 59,082	$ 2,336,418	$ 100,512	$ 85,786	$ 4,117,712
Statements of Net Cost and Changes in Net Position							
Gross Cost of Operations	$ (975,636)	$ (202,267)	$ (143,524)	$ (610,261)	$ (144,406)	$ (288,868)	$ (2,364,962)
Exchange Revenues	1,481	157,648	112,505	-	149,451	288,342	709,427
Net Cost of Operations	$ (974,155)	$ (44,619)	$ (31,019)	$ (610,261)	$ 5,045	$ (526)	$ (1,655,535)
Nonexchange Revenues	63,481	52	-	649,621	-	-	713,154
Budgetary and Other Financing Sources	1,116,884	7,158	(78,277)	(19,265)	(9,713)	3,004	1,019,791
Changes in Net Position	$ 206,210	$ (37,409)	$ (109,296)	$ 20,095	$ (4,668)	$ 2,478	$ 77,410

The Comprehensive Crime Control Act of 1984 established the AFF to receive the proceeds of forfeiture and to pay the costs associated with such forfeitures, including the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, and costs associated with accomplishing the legal forfeiture of the property. Authorities of the fund have been amended by various public laws enacted since 1984. Under current law, authority to use the fund for certain investigative expenses shall be specified in annual appropriation acts. Expenses necessary to seize, detain, inventory, safeguard, maintain, advertise or sell property under seizure are funded through a permanent, indefinite appropriation. In addition, beginning in 1993, other general expenses of managing and operating the Asset Forfeiture Program are paid from the permanent, indefinite portion of the fund. Once all expenses are covered, the balance is maintained to meet ongoing expenses of the program. Excess unobligated balances may also be allocated by the Attorney General in accordance with 28 U.S.C. 524(c)(8)(E).

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 18. Earmarked Funds (continued)

United States trustees supervise the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, U.S. Trustees and Family Farmer Bankruptcy Act of 1986 (Public Law 99–554) expanded the pilot trustee program to a twenty-one region, nationwide program encompassing 88 judicial districts. This program collects user fees assessed against debtors, which offset the annual appropriation.

The Antitrust Division administers and enforces antitrust and related statutes. This program primarily involves the investigation of suspected violations of the antitrust laws, the conduct of civil and criminal proceedings in the federal courts, and the maintenance of competitive conditions. The Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Crime Victims Fund is financed by collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. This fund supports victim assistance and compensation programs around the country and advocates, through policy development, for the fair treatment of crime victims. The Office for Victims of Crime administers formula and discretionary grants for programs designed to benefit victims, provides training for diverse professionals who work with victims, develops projects to enhance victims' rights and services, and undertakes public education and awareness activities on behalf of crime victims.

The Diversion Control Fee Account is established in the general fund of the Treasury as a separate account. Fees charged by the Drug Enforcement Administration under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program’s purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g. personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 19. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security												
Gross Cost	$ -	$ 163,831	$ 242,885	$ -	$ -	$ -	$ 3,478,067	$ -	$ -	$ -	$ (186,560)	$ 3,698,223
Less: Earned Revenue	-	173,913	50,141	-	-	-	213,664	-	-	-	(186,560)	251,158
Net Cost (Revene) of Operations	$ -	$ (10,082)	$ 192,744	$ -	$ -	$ -	$ 3,264,403	$ -	$ -	$ -	$ -	$ 3,447,065
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People												
Gross Cost	$ 607,977	$ 447,805	$ 3,589,765	$ -	$ -	$ 2,285,143	$ 2,670,631	$ 1,034,306	$ -	$ -	$(1,011,406)	$ 9,624,221
Less: Earned Revenue	1,481	475,361	694,099	-	-	492,711	295,253	36,835	-	-	(1,011,406)	984,334
Net Cost (Revene) of Operations	$ 606,496	$ (27,556)	$ 2,895,666	$ -	$ -	$ 1,792,432	$ 2,375,378	$ 997,471	$ -	$ -	$ -	$ 8,639,887
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence												
Gross Cost	$ 367,659	$ 32,766	$ 1,110,021	$ -	$ 3,364,183	$ -	$ 391,357	$ -	$ -	$ -	$ (285,303)	$ 4,980,683
Less: Earned Revenue	-	34,783	3,344	-	297,371	-	203,125	-	-	-	(285,303)	253,320
Net Cost (Revene) of Operations	$ 367,659	$ (2,017)	$ 1,106,677	$ -	$ 3,066,812	$ -	$ 188,232	$ -	$ -	$ -	$ -	$ 4,727,363
Goal 4: Ensure the Fair and Efficient Operations of the Federal Justice System												
Gross Cost	$ -	$ 447,804	$ 1,652,400	$ 2,307,462	$ -	$ -	$ -	$ -	$ 5,625,941	$ 808,125	$(1,660,851)	$ 9,180,881
Less: Earned Revenue	-	475,360	30,627	1,220,601	-	-	-	-	320,339	790,620	(1,635,028)	1,202,519
Net Cost (Revene) of Operations	$ -	$ (27,556)	$ 1,621,773	$ 1,086,861	$ -	$ -	$ -	$ -	$ 5,305,602	$ 17,505	$ (25,823)	$ 7,978,362
Net Cost (Revenue) of Operations	$ 974,155	$ (67,211)	$ 5,816,860	$ 1,086,861	$ 3,066,812	$ 1,792,432	$ 5,828,013	$ 997,471	$ 5,305,602	$ 17,505	$ (25,823)	$ 24,792,677

For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security												
Gross Cost	$ -	$ 121,123	$ 206,951	$ -	$ -	$ -	$ 3,009,335	$ -	$ -	$ -	$ (144,301)	$ 3,193,108
Less: Earned Revenue	-	123,253	41,585	-	-	-	228,956	-	-	-	(144,301)	249,493
Net Cost (Revene) of Operations	$ -	$ (2,130)	$ 165,366	$ -	$ -	$ -	$ 2,780,379	$ -	$ -	$ -	$ -	$ 2,943,615
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People												
Gross Cost	$ 278,880	$ 434,024	$ 3,877,797	$ -	$ -	$ 2,247,096	$ 2,766,144	$ 973,494	$ -	$ -	$ (963,424)	$ 9,614,011
Less: Earned Revenue	2,281	441,657	768,606	-	-	448,079	292,298	35,346	-	-	(963,424)	1,024,843
Net Cost (Revene) of Operations	$ 276,599	$ (7,633)	$ 3,109,191	$ -	$ -	$ 1,799,017	$ 2,473,846	$ 938,148	$ -	$ -	$ -	$ 8,589,168
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence												
Gross Cost	$ 317,752	$ 33,309	$ 1,062,870	$ -	$ 3,767,886	$ -	$ 365,594	$ -	$ -	$ -	$ (244,780)	$ 5,302,631
Less: Earned Revenue	-	33,895	28,398	-	265,095	-	168,786	-	-	-	(244,780)	251,394
Net Cost (Revene) of Operations	$ 317,752	$ (586)	$ 1,034,472	$ -	$ 3,502,791	$ -	$ 196,808	$ -	$ -	$ -	$ -	$ 5,051,237
Goal 4: Ensure the Fair and Efficient Operations of the Federal Justice System												
Gross Cost	$ -	$ 420,902	$ 1,543,257	$ 2,231,920	$ -	$ -	$ -	$ -	$ 5,437,752	$ 808,148	$(1,544,735)	$ 8,897,244
Less: Earned Revenue	-	428,305	17,573	1,133,882	-	-	-	-	298,447	842,475	(1,523,596)	1,197,086
Net Cost (Revene) of Operations	$ -	$ (7,403)	$ 1,525,684	$ 1,098,038	$ -	$ -	$ -	$ -	$ 5,139,305	$ (34,327)	$ (21,139)	$ 7,700,158
Net Cost (Revenue) of Operations	$ 594,351	$ (17,752)	$ 5,834,713	$ 1,098,038	$ 3,502,791	$ 1,799,017	$ 5,451,033	$ 938,148	$ 5,139,305	$ (34,327)	$ (21,139)	$ 24,284,178

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. The classification of revenue or cost as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Imputed Financing from Costs Absorbed by Others

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department of Justice. Imputed Inter-Departmental financing sources currently recognized by the Department include the actual cost of future benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. 1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. FASAB Accounting Standard Interpretation No. 2, "Accounting for Treasury Judgment Fund Transactions," requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, "Accounting for Liabilities of the Federal Government," requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. For employees covered by Civil Service Retirement System (CSRS), the cost factors are 25% of basic pay for regular, 40.3% law enforcement officers, 19.5% regular offset, and 35.7% law enforcement officers offset. For employees covered by Federal Employees Retirement System (FERS), the cost factors are 12% of basic pay for regular and 25.1% for law enforcement officers.

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be disclosed.

For the Fiscal Years Ended September 30, 2006 and 2005

	2006	2005
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 18,452	$ 22,875
Health Insurance	472,422	438,066
Life Insurance	1,586	1,530
Pension	157,798	177,655
Total Imputed Inter-Departmental	$ 650,258	$ 640,126

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Imputed Financing from Costs Absorbed by Others (continued)

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, "Managerial Cost Accounting Standards and Concepts," are the unreimbursed portion of the full costs of goods and services received by a Departmental component from another component within the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Cost are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI imputed $25,823 and $21,139 for FYs 2006 and 2005, respectively of unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements.

Note 21. Information Related to the Statement of Budgetary Resources

Apportionment Categories of Obligations Incurred:

	Direct Obligations	Reimbursable Obligations	Total Obligations Incurred
For the Fiscal Year Ended September 30, 2006			
Obligations Apportioned Under			
Category A	$ 23,051,699	$ 5,177,899	$ 28,229,598
Category B	1,517,149	27,679	1,544,828
Exempt from Apportionment	-	850,798	850,798
Total	$ 24,568,848	$ 6,056,376	$ 30,625,224
For the Fiscal Year Ended September 30, 2005			
Obligations Apportioned Under			
Category A	$ 21,998,254	$ 4,622,698	$ 26,620,952
Category B	1,268,684	28,158	1,296,842
Exempt from Apportionment	-	737,585	737,585
Total	$ 23,266,938	$ 5,388,441	$ 28,655,379

Per OMB Circular A-11, Category A obligations represent resources apportioned for calendar quarters. Category B obligations represent resources apportioned for other time periods; for activities, projects, and objectives or for combination thereof.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 21. Information Related to the Statement of Budgetary Resources (continued)

Status of Undelivered Orders:

Undelivered Orders (UDO) represents the amount of goods and/or services ordered, which have not been actually or constructively received. This amount includes any orders which may have been prepaid or advanced but for which delivery or performance has not yet occurred.

As of September 30, 2006 and 2005

	2006	2005
UDO Obligations Unpaid	$ 8,235,804	$ 9,107,337
UDO Obligations Prepaid/Advanced	1,442,273	1,305,352
Total UDO	$ 9,678,077	$ 10,412,689

Permanent Indefinite Appropriations:

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations.

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. § 2210 note, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") was passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments are "technical" in nature, some affect eligibility criteria and revise claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' Radiation Exposure Compensation Act program beginning FY 2006.

Note 21. Information Related to the Statement of Budgetary Resources (continued)

Permanent Indefinite Appropriations (continued):

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is now a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.

Legal Arrangements Affecting Use of Unobligated Balances:

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, and no-year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions had been placed on those funds by law. Amounts in expired fund symbols are unavailable for new obligations, but may be used to adjust previously established obligations.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 21. Information Related to the Statement of Budgetary Resources (continued)

Statement of Budgetary Resources vs Budget of the United States Government:

The reconciliation as of September 30, 2005 is presented below. The reconciliation as of September 30, 2006 is not presented, because the submission of the Budget of the United States (Budget) for FY 2008, which presents the execution of the FY 2006 budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (http://www.whitehouse.gov/omb/budget) and will be available in early February 2007.

For the Fiscal Year Ended September 30, 2005
(Dollars in millions)

	Budgetary Resources	Obligations Incurred	Net Outlays
Statement of Budgetary Resources (SBR)	$ 31,766	$ 28,655	$ 22,996
Funds not Reported in the Budget			
Expired Funds: OBDs, USMS, DEA, FBI, ATF & BOP	(428)	(187)	-
AFF/SADF Forfeiture Activity	(39)	(24)	-
USMS Court Security Funds	(276)	(271)	(289)
OBDs Funds: Treasury Symbols 10_0138 and 1575_8393	(10)	(6)	(8)
OJP Audit Adjustments	(8)	-	-
ATF Recovery of Prior Year Obligations	(66)	-	-
Funds not Reported in the SBR			
OBDs Antitrust Division Rescission Adjustments	104	-	(6)
Other	30	16	56
Budget of the United States	$ 31,073	$ 28,183	$ 22,749

Other differences represent financial statement adjustments, timing differences and other immaterial differences between amounts reported in the Department SBR and the Budget of the United States.

In addition to the reconciliation above, a reconciliation with the SF-133, "Report on Budget Execution and Budgetary Resources," was also performed and confirmed that differences between the Statement of Budgetary Resources and the SF-133 are also the result of the adjustments identified above.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 22. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is not certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling $2,443,238 and $2,494,501 on September 30, 2006 and 2005, respectively, are discussed in Note 11, Liabilities not Covered by Budgetary Resources. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2006 and 2005

	2006	2005
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Accrued Annual and Compensatory Leave Liabilities	$ (16,253)	$ -
Other		
Decrease in Actuarial FECA Liabilities	(486)	(890)
Decrease in Accrued FECA Liabilities	(87)	(862)
Decrease in Contingent Liabilities	(73,646)	(6,940)
Decrease in Capital Lease Liabilities	(5,562)	(6,551)
Decrease in RECA Liabilities	(71,309)	(329,692)
Decrease in Other Accrued Balances	(863)	-
Total Other	(151,953)	(344,935)
Total Resources that Fund Expenses Recognized in Prior Periods	$ (168,206)	$ (344,935)
Components of Net Cost of Operations Requiring or Generating Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	$ 17,167	$ 34,572
(Increase)/Decrease in Exchange Revenue Receivable from the Public	19,450	3,878
Other		
Increase in Actuarial FECA Liabilities	65,712	97,889
Increase in Accrued FECA Liabilities	17,254	5,922
Increase in Deferred Revenue	13,237	29,713
Increase in Contingent Liabilities	996	182,328
Increase in Capital Lease Liabilities	1,012	-
Increase in Other Unfunded Employee Related Liabilities	1,431	-
Increase in Other Accrued Balances	145	655
Total Other	99,787	316,507
Total Components of Net Cost of Operations Requiring or Generating Resources in Future Periods	$ 136,404	$ 354,957

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 23. Allocation Transfers of Appropriation

During FYs 2006 and 2005, the Department transferred $17,000 from the Crime Victims Fund to the Department of Health and Human Services (HHS). This transfer is required by law and is used for child abuse prevention and treatment grants. Amounts made available by section §10601(d)(2) of this title, for the purposes of this section, shall be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

28 U.S.C. §524(c)(9)(E) provides authority for the Attorney General to use excess end-of-year monies in AFF/SADF, without fiscal year limitation, for authorized purposes of the Department of Justice. During FYs 2006 and 2005 transfers of $1,337 and $3,738 were made, respectively. In addition, during FYs 2006 and 2005, AFF transferred out forfeited property of $6,683 and $6,317 and super surplus of $24,983 and $54 to participating agencies for official use, respectively.

The Department also allocated funds from BOP to the Public Health Service (PHS). PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligation of PHS staff salaries, benefits, and applicable relocation expenses. The transferred amounts are not material to PHS and are therefore included as part of these financial statements.

The USMS receives allocation transfers of appropriation from the Administrative Office of U.S. Courts (AOUSC). These allocation transfers are between the Judicial Branch and the Executive Branch of the U.S. Government. Since the Judicial Branch is not required to report annual financial statements or FACTS II (Treasury reporting of budgetary account balances), there is no duplicate reporting of the funding as a result of the presentation on the USMS Statement of Budgetary Resources. The allocation transfers are used for costs associated with protective guard services - Court Security Officers (CSOs) at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual basis.

Note 24. Net Custodial Revenue Activity

Custodial revenue activity represents those collections of non-exchange revenue on behalf of other recipient entities. These collections are not recorded as revenue by the Department but as activity on the Statement of Custodial Activity. The custodial liabilities presented on the Balance Sheet and Note 16 represents funds held by the Department that have yet to be disbursed to the appropriate federal agency or individual.

The WCF collects funds on behalf of federal agencies and other aggrieved parties through the financial litigation activities of the Department. Currently, the primary sources of collections are civil litigated matters (i.e., student loan defaults, health care fraud, etc.).

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 24. Net Custodial Revenue Activity (continued)

The Debt Accounting Operations Group (DAOG) also processes certain payments on criminal debts as accommodations for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates inmate criminal debt payments by correction facility, and the DAOG re-sorts the payments by judicial district and disburses these payments to the respective Clerks of the U.S. District Court. The DAOG also accepts wire transfers or other payments on a criminal debt if a Clerk of the U.S. District Court is unable or unwilling to do so.

The OBDs collect civil fines, penalties, and restitution payments that are incidental to its mission. By court order, the OBDs were given the investment authority and the settlement funds collected must be invested. The OBDs invest these funds with the U.S. Department of Treasury, Bureau of the Public Debt. During FY 2006, $375,000 of the settlement fund along with interest earned of $10,473 was disbursed to the public in accordance with a court order. As of September 30, 2006 and 2005, the remaining settlement funds including the investment revenue were reported as Custodial Liabilities of $79,620 and $460,538, respectively.

The DEA collects civil monetary penalties related to violations of the Controlled Substances Act that are incidental to its mission. The DEA has no statutory authority to use these funds and they are transmitted to the General Fund of Treasury upon receipt.

As an agent of the federal government and as authorized by 26 U.S.C. § 6301, ATF collects fees from firearms and explosives industries, as well as import, permit and license fees. In addition, Special Occupational Taxes are collected from certain firearms businesses. As ATF is unable to use these collections in its operations, ATF also has the authority to transfer these collections to the General Fund.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 25. OMB Circular A-136 Consolidated Balance Sheet Presentation

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2006 and 2005

Dollars in Thousands	2006	2005
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury	$ 14,987,451	$ 15,484,129
Investments, Net	2,082,266	2,140,967
Accounts Receivable, Net	376,360	331,297
Other Assets	115,153	143,690
Total Intragovernmental	17,561,230	18,100,083
Cash and Other Monetary Assets	109,676	154,707
Accounts Receivable, Net	93,837	100,429
Inventory and Related Property, Net	216,377	157,956
General Property, Plant and Equipment, Net	8,167,650	8,027,490
Other Assets	698,419	527,331
Total Assets	**$ 26,847,189**	**$ 27,067,996**
LIABILITIES		
Intragovernmental		
Accounts Payable	$ 271,000	$ 291,651
Debt	20,000	20,000
Other Liabilities	1,346,461	1,155,650
Total Intragovernmental	1,637,461	1,467,301
Accounts Payable	2,344,943	1,874,450
Contingent Liabilities	209,620	282,270
Other Liabilities	3,494,888	3,737,024
Total Liabilities	**$ 7,686,912**	**$ 7,361,045**
NET POSITION		
Unexpended Appropriations - Earmarked Funds	$ 60,071	
Unexpended Appropriations - Other Funds	9,079,538	$ 10,188,678
Cumulative Results of Operations - Earmarked Funds	3,157,735	
Cumulative Results of Operations - Other Funds	6,862,933	9,518,273
Total Net Position	**$ 19,160,277**	**$ 19,706,951**
Total Liabilities and Net Position	**$ 26,847,189**	**$ 27,067,996**

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Consolidating and Combining Financial Statements

See Independent Auditors' Report on Financial Statements

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS												
Intragovernmental												
Fund Balance with U.S. Treasury	$ 411,871	$ 1,180,980	$ 3,304,968	$ 414,562	$ 6,161,209	$ 401,392	$ 1,606,288	$ 184,031	$ 1,265,377	$ 56,773	$ -	$ 14,987,451
Investments, Net	1,436,744	-	323,922	-	-	-	-	-	-	321,600	-	2,082,266
Accounts Receivable, Net	8,071	191,178	193,515	143,377	13,413	59,458	169,605	28,848	10,613	33,838	(475,556)	376,360
Other Assets	1,445	369	654,740	15,419	32,695	33,154	77,280	9,766	4,450	-	(714,165)	115,153
Total Intragovernmental	1,858,131	1,372,527	4,477,145	573,358	6,207,317	494,004	1,853,173	222,645	1,280,440	412,211	(1,189,721)	17,561,230
Cash and Monetary Assets	58,777	-	-	-	5	6,911	37,892	5,423	668	-	-	109,676
Accounts Receivable, Net	-	37	28,380	230	-	2,692	31,424	364	20,509	10,201	-	93,837
Inventory and Related Property, Net	-	169	-	1,009	-	5,423	5,478	-	16,210	188,088	-	216,377
Forfeited Property, Net	132,409	-	-	-	-	-	-	-	-	-	-	132,409
General Property, Plant and Equipment, Net	4,118	18,472	57,494	257,640	23,117	335,142	952,734	205,978	6,193,855	119,100	-	8,167,650
Advances and Prepayments	1	18	7,076	-	494,413	6,384	49,094	313	4,221	393	-	561,913
Other Assets	-	-	-	184	-	-	-	-	3,130	783	-	4,097
Total Assets	**$ 2,053,436**	**$ 1,391,223**	**$ 4,570,095**	**$ 832,421**	**$ 6,724,852**	**$ 850,556**	**$ 2,929,795**	**$ 434,723**	**$ 7,519,033**	**$ 730,776**	**$ (1,189,721)**	**$ 26,847,189**
LIABILITIES												
Intragovernmental												
Accounts Payable	$ 64,754	$ 79,429	$ 327,865	$ 6,313	$ 32,126	$ 54,554	$ 107,541	$ 35,373	$ 31,151	$ 7,450	$ (475,556)	$ 271,000
Accrued FECA Liabilities	-	600	8,876	13,196	67	25,994	32,571	19,830	96,954	1,178	-	199,266
Debt	-	-	-	-	-	-	-	-	-	20,000	-	20,000
Custodial Liabilities	-	229,623	-	-	-	1,732	-	-	-	-	-	231,355
Other Liabilities	-	480,700	88,963	40,950	694,238	13,453	77,406	5,046	46,432	182,817	(714,165)	915,840
Total Intragovernmental	64,754	790,352	425,704	60,459	726,431	95,733	217,518	60,249	174,537	211,445	(1,189,721)	1,637,461
Accounts Payable	372,950	81,370	422,721	251,284	493,021	77,062	267,024	37,746	285,723	56,042	-	2,344,943
Actuarial FECA Liabilities	-	1,058	44,620	67,426	33	136,505	156,766	98,164	477,073	9,916	-	991,561
Accrued Payroll and Benefits	-	2,136	71,611	15,835	2,517	35,699	102,135	19,174	80,523	7,606	-	337,236
Accrued Annual and Compensatory Leave Liabilities	-	4,824	141,415	30,975	4,025	79,313	196,019	39,104	139,290	9,161	-	644,126
Deferred Revenue	132,409	-	-	-	-	144,927	-	-	1,664	-	-	279,000
Seized Cash and Monetary Instruments	797,201	-	-	-	-	441	30,221	2,972	-	-	-	830,835
Contingent Liabilities	35,000	-	96,063	17,000	-	22,740	33,931	250	4,636	-	-	209,620
Capital Lease Liabilities	-	-	-	4,845	8	-	-	-	53,020	1,483	-	59,356
Radiation Exposure Compensation Act Liabilities	-	-	187,616	-	-	-	-	-	-	-	-	187,616
Other Liabilities	-	28,380	79,620	-	-	48	2,416	8,039	46,655	-	-	165,158
Total Liabilities	**$ 1,402,314**	**$ 908,120**	**$ 1,469,370**	**$ 447,824**	**$ 1,226,035**	**$ 592,468**	**$ 1,006,030**	**$ 265,698**	**$ 1,263,121**	**$ 295,653**	**$ (1,189,721)**	**$ 7,686,912**
NET POSITION												
Unexpended Appropriations - Earmarked Funds	$ -	$ -	$ 60,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,071
Unexpended Appropriations - Other Funds	-	-	3,266,255	224,311	3,209,863	273,300	1,210,645	120,123	775,041	-	-	9,079,538
Cumulative Results of Operations - Earmarked Funds	651,122	-	226,794	-	2,274,904	(57,996)	-	-	62,911	-	-	3,157,735
Cumulative Results of Operations - Other Funds	-	483,103	(452,395)	160,286	14,050	42,784	713,120	48,902	5,417,960	435,123	-	6,862,933
Total Net Position	**$ 651,122**	**$ 483,103**	**$ 3,100,725**	**$ 384,597**	**$ 5,498,817**	**$ 258,088**	**$ 1,923,765**	**$ 169,025**	**$ 6,255,912**	**$ 435,123**	**$ -**	**$ 19,160,277**
Total Liabilities and Net Position	**$ 2,053,436**	**$ 1,391,223**	**$ 4,570,095**	**$ 832,421**	**$ 6,724,852**	**$ 850,556**	**$ 2,929,795**	**$ 434,723**	**$ 7,519,033**	**$ 730,776**	**$ (1,189,721)**	**$ 26,847,189**

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS												
Intragovernmental												
Fund Balance with U.S. Treasury	$ 49,299	$ 937,731	$ 3,474,171	$ 359,872	$ 6,911,850	$ 508,972	$ 1,575,249	$ 193,053	$ 1,433,941	$ 39,991	$ -	$ 15,484,129
Investments, Net	1,127,388	-	719,579	-	-	-	-	-	-	294,000	-	2,140,967
Accounts Receivable, Net	10,864	130,659	185,029	148,046	8,475	43,288	88,619	11,142	18,326	47,765	(360,916)	331,297
Other Assets	693	355	702,768	1,377	12,407	39,681	104,371	12,314	-	-	(730,276)	143,690
Total Intragovernmental	1,188,244	1,068,745	5,081,547	509,295	6,932,732	591,941	1,768,239	216,509	1,452,267	381,756	(1,091,192)	18,100,083
Cash and Monetary Assets	87,956	-	-	-	7	6,912	54,259	4,907	666	-	-	154,707
Accounts Receivable, Net	-	786	31,667	204	-	3,792	40,263	1,094	16,233	6,390	-	100,429
Inventory and Related Property, Net	-	387	-	1,071	-	9,138	6,054	-	16,240	125,066	-	157,956
Forfeited Property, Net	89,598	-	-	-	-	-	-	-	-	-	-	89,598
General Property, Plant and Equipment, Net	4,577	17,897	42,801	252,084	18,830	282,458	888,820	205,327	6,206,831	107,865	-	8,027,490
Advances and Prepayments	4	16	33,274	41	333,334	7,738	52,645	60	5,453	463	-	433,028
Other Assets	-	-	-	184	-	-	-	-	3,155	1,366	-	4,705
Total Assets	**$ 1,370,379**	**$ 1,087,831**	**$ 5,189,289**	**$ 762,879**	**$ 7,284,903**	**$ 901,979**	**$ 2,810,280**	**$ 427,897**	**$ 7,700,845**	**$ 622,906**	**$ (1,091,192)**	**$ 27,067,996**
LIABILITIES												
Intragovernmental												
Accounts Payable	$ 58,308	$ 62,339	$ 280,470	$ 8,072	$ 38,637	$ 54,124	$ 95,951	$ 18,939	$ 31,449	$ 4,278	$ (360,916)	$ 291,651
Accrued FECA Liabilities	-	574	7,986	12,467	83	25,141	29,813	18,391	86,351	1,249	-	182,055
Debt	-	-	-	-	-	-	-	-	-	20,000	-	20,000
Custodial Liabilities	-	343,293	-	-	-	2,275	-	690	-	-	-	346,258
Other Liabilities	-	256,678	43,772	37,178	791,163	13,084	60,049	4,795	43,437	107,457	(730,276)	627,337
Total Intragovernmental	58,308	662,884	332,228	57,717	829,883	94,624	185,813	42,815	161,237	132,984	(1,091,192)	1,467,301
Accounts Payable	28,238	61,008	401,373	224,173	475,725	105,964	192,793	34,580	304,057	46,539	-	1,874,450
Actuarial FECA Liabilities	-	1,544	41,376	66,079	-	131,231	146,052	97,574	433,525	8,955	-	926,336
Accrued Payroll and Benefits	-	2,093	69,760	15,809	1,653	32,715	96,215	17,660	81,012	7,498	-	324,415
Accrued Annual and Compensatory Leave Liabilities	-	4,758	140,482	28,677	3,781	74,348	212,272	36,204	134,117	8,573	-	643,212
Deferred Revenue	89,598	-	-	-	-	131,690	-	-	1,460	-	-	222,748
Seized Cash and Monetary Instruments	711,192	-	-	-	-	523	45,890	2,611	-	-	-	760,216
Contingent Liabilities	35,000	-	95,113	17,000	-	34,212	91,681	204	9,060	-	-	282,270
Capital Lease Liabilities	-	-	-	5,834	47	-	-	5	57,589	471	-	63,946
Radiation Exposure Compensation Act Liabilities	-	-	258,925	-	-	-	-	-	-	-	-	258,925
Other Liabilities	-	18,068	460,538	-	-	47	5,341	7,028	46,204	-	-	537,226
Total Liabilities	**$ 922,336**	**$ 750,355**	**$ 1,799,795**	**$ 415,289**	**$ 1,311,089**	**$ 605,354**	**$ 976,057**	**$ 238,681**	**$ 1,228,261**	**$ 205,020**	**$ (1,091,192)**	**$ 7,361,045**
NET POSITION												
Unexpended Appropriations - Other Funds	$ -	$ -	$ 3,610,667	$ 191,134	$ 3,710,930	$ 331,942	$ 1,278,311	$ 135,046	$ 930,648	$ -	$ -	$ 10,188,678
Cumulative Results of Operations - Other Funds	448,043	337,476	(221,173)	156,456	2,262,884	(35,317)	555,912	54,170	5,541,936	417,886	-	9,518,273
Total Net Position	**$ 448,043**	**$ 337,476**	**$ 3,389,494**	**$ 347,590**	**$ 5,973,814**	**$ 296,625**	**$ 1,834,223**	**$ 189,216**	**$ 6,472,584**	**$ 417,886**	**$ -**	**$ 19,706,951**
Total Liabilities and Net Position	**$ 1,370,379**	**$ 1,087,831**	**$ 5,189,289**	**$ 762,879**	**$ 7,284,903**	**$ 901,979**	**$ 2,810,280**	**$ 427,897**	**$ 7,700,845**	**$ 622,906**	**$ (1,091,192)**	**$ 27,067,996**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2006

Dollars in T AFF/SADF	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security												
Gross Cost - Intragovernmental	$ -	$ 96,115	$ 64,090	$ -	$ -	$ -	$ 1,040,959	$ -	$ -	$ -	$ (186,560)	$ 1,014,604
Gross Cost - With the Public	-	67,716	178,795	-	-	-	2,437,108	-	-	-	-	2,683,619
Subtotal Gross Costs	-	163,831	242,885	-	-	-	3,478,067	-	-	-	(186,560)	3,698,223
Earned Revenues - Intragovernmental	-	157,799	50,141	-	-	-	203,176	-	-	-	(186,560)	224,556
Earned Revenues - With the Public	-	16,114	-	-	-	-	10,488	-	-	-	-	26,602
Subtotal Earned Revenues	-	173,913	50,141	-	-	-	213,664	-	-	-	(186,560)	251,158
Subtotal Net Cost (Revenues) of Operations	$ -	$ (10,082)	$ 192,744	$ -	$ -	$ -	$ 3,264,403	$ -	$ -	$ -	$ -	$ 3,447,065
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People												
Gross Cost - Intragovernmental	$ 153,393	$ 262,715	$ 1,538,156	$ -	$ -	$ 705,292	$ 799,299	$ 310,304	$ -	$ -	$ (1,011,406)	$ 2,757,753
Gross Cost - With the Public	454,584	185,090	2,051,609	-	-	1,579,851	1,871,332	724,002	-	-	-	6,866,468
Subtotal Gross Costs	607,977	447,805	3,589,765	-	-	2,285,143	2,670,631	1,034,306	-	-	(1,011,406)	9,624,221
Earned Revenues - Intragovernmental	1,481	431,316	433,614	-	-	337,968	290,036	36,712	-	-	(1,011,406)	519,721
Earned Revenues - With the Public	-	44,045	260,485	-	-	154,743	5,217	123	-	-	-	464,613
Subtotal Earned Revenues	1,481	475,361	694,099	-	-	492,711	295,253	36,835	-	-	(1,011,406)	984,334
Subtotal Net Cost (Revenues) of Operations	$ 606,496	$ (27,556)	$ 2,895,666	$ -	$ -	$ 1,792,432	$ 2,375,378	$ 997,471	$ -	$ -	$ -	$ 8,639,887
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence												
Gross Cost - Intragovernmental	$ -	$ 19,223	$ 265,013	$ -	$ 143,093	$ -	$ 117,130	$ -	$ -	$ -	$ (285,303)	$ 259,156
Gross Cost - With the Public	367,659	13,543	845,008	-	3,221,090	-	274,227	-	-	-	-	4,721,527
Subtotal Gross Costs	367,659	32,766	1,110,021	-	3,364,183	-	391,357	-	-	-	(285,303)	4,980,683
Earned Revenues - Intragovernmental	-	31,560	3,344	-	297,371	-	88,337	-	-	-	(285,303)	135,309
Earned Revenues - With the Public	-	3,223	-	-	-	-	114,788	-	-	-	-	118,011
Subtotal Earned Revenues	-	34,783	3,344	-	297,371	-	203,125	-	-	-	(285,303)	253,320
Subtotal Net Cost (Revenues) of Operations	$ 367,659	$ (2,017)	$ 1,106,677	$ -	$ 3,066,812	$ -	$ 188,232	$ -	$ -	$ -	$ -	$ 4,727,363
Goal 4: Ensure the Fair and Efficient Operation of the Federal Justice System												
Gross Cost - Intragovernmental	$ -	$ 262,714	$ 1,233,040	$ 415,372	$ -	$ -	$ -	$ -	$ 1,197,820	$ 184,170	$ (1,660,851)	$ 1,632,265
Gross Cost - With the Public	-	185,090	419,360	1,892,090	-	-	-	-	4,428,121	623,955	-	7,548,616
Subtotal Gross Costs	-	447,804	1,652,400	2,307,462	-	-	-	-	5,625,941	808,125	(1,660,851)	9,180,881
Earned Revenues - Intragovernmental	-	431,316	30,627	1,215,620	-	-	-	-	17,392	741,731	(1,635,028)	801,658
Earned Revenues - With the Public	-	44,044	-	4,981	-	-	-	-	302,947	48,889	-	400,861
Subtotal Earned Revenues	-	475,360	30,627	1,220,601	-	-	-	-	320,339	790,620	(1,635,028)	1,202,519
Subtotal Net Cost (Revenues) of Operations	$ -	$ (27,556)	$ 1,621,773	$ 1,086,861	$ -	$ -	$ -	$ -	$ 5,305,602	$ 17,505	$ (25,823)	$ 7,978,362
Total Net Cost (Revenue) of Operations	**$ 974,155**	**$ (67,211)**	**$ 5,816,860**	**$ 1,086,861**	**$ 3,066,812**	**$ 1,792,432**	**$ 5,828,013**	**$ 997,471**	**$ 5,305,602**	**$ 17,505**	**$ (25,823)**	**$ 24,792,677**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security												
Gross Cost - Intragovernmental	$ -	$ 82,097	$ 57,079	$ -	$ -	$ -	$ 865,583	$ -	$ -	$ -	$ (144,301)	$ 860,458
Gross Cost - With the Public	-	39,026	149,872	-	-	-	2,143,752	-	-	-	-	2,332,650
Subtotal Gross Costs	-	121,123	206,951	-	-	-	3,009,335	-	-	-	(144,301)	3,193,108
Earned Revenues - Intragovernmental	-	113,097	41,585	-	-	-	218,955	-	-	-	(144,301)	229,336
Earned Revenues - With the Public	-	10,156	-	-	-	-	10,001	-	-	-	-	20,157
Subtotal Earned Revenues	-	123,253	41,585	-	-	-	228,956	-	-	-	(144,301)	249,493
Subtotal Net Cost (Revenues) of Operations	$ -	$ (2,130)	$ 165,366	$ -	$ -	$ -	$ 2,780,379	$ -	$ -	$ -	$ -	$ 2,943,615
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People												
Gross Cost - Intragovernmental	$ 146,973	$ 294,182	$ 1,572,407	$ -	$ -	$ 670,232	$ 795,633	$ 281,708	$ -	$ -	$ (963,424)	$ 2,797,711
Gross Cost - With the Public	131,907	139,842	2,305,390	-	-	1,576,864	1,970,511	691,786	-	-	-	6,816,300
Subtotal Gross Costs	278,880	434,024	3,877,797	-	-	2,247,096	2,766,144	973,494	-	-	(963,424)	9,614,011
Earned Revenues - Intragovernmental	2,281	405,264	589,247	-	-	322,345	282,869	35,283	-	-	(963,424)	673,865
Earned Revenues - With the Public	-	36,393	179,359	-	-	125,734	9,429	63	-	-	-	350,978
Subtotal Earned Revenues	2,281	441,657	768,606	-	-	448,079	292,298	35,346	-	-	(963,424)	1,024,843
Subtotal Net Cost (Revenues) of Operations	$ 276,599	$ (7,633)	$ 3,109,191	$ -	$ -	$ 1,799,017	$ 2,473,846	$ 938,148	$ -	$ -	$ -	$ 8,589,168
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence												
Gross Cost - Intragovernmental	$ -	$ 22,577	$ 268,424	$ -	$ 221,240	$ -	$ 105,157	$ -	$ -	$ -	$ (244,780)	$ 372,618
Gross Cost - With the Public	317,752	10,732	794,446	-	3,546,646	-	260,437	-	-	-	-	4,930,013
Subtotal Gross Costs	317,752	33,309	1,062,870	-	3,767,886	-	365,594	-	-	-	(244,780)	5,302,631
Earned Revenues - Intragovernmental	-	31,102	28,398	-	265,095	-	59,226	-	-	-	(244,780)	139,041
Earned Revenues - With the Public	-	2,793	-	-	-	-	109,560	-	-	-	-	112,353
Subtotal Earned Revenues	-	33,895	28,398	-	265,095	-	168,786	-	-	-	(244,780)	251,394
Subtotal Net Cost (Revenues) of Operations	$ 317,752	$ (586)	$ 1,034,472	$ -	$ 3,502,791	$ -	$ 196,808	$ -	$ -	$ -	$ -	$ 5,051,237
Goal 4: Ensure the Fair and Efficient Operation of the Federal Justice System												
Gross Cost - Intragovernmental	$ -	$ 285,288	$ 1,154,795	$ 385,422	$ -	$ -	$ -	$ -	$ 1,180,375	$ 117,436	$ (1,544,735)	$ 1,578,581
Gross Cost - With the Public	-	135,614	388,462	1,846,498	-	-	-	-	4,257,377	690,712	-	7,318,663
Subtotal Gross Costs	-	420,902	1,543,257	2,231,920	-	-	-	-	5,437,752	808,148	(1,544,735)	8,897,244
Earned Revenues - Intragovernmental	-	393,012	17,573	1,130,985	-	-	-	-	21,318	808,782	(1,523,596)	848,074
Earned Revenues - With the Public	-	35,293	-	2,897	-	-	-	-	277,129	33,693	-	349,012
Subtotal Earned Revenues	-	428,305	17,573	1,133,882	-	-	-	-	298,447	842,475	(1,523,596)	1,197,086
Subtotal Net Cost (Revenues) of Operations	$ -	$ (7,403)	$ 1,525,684	$ 1,098,038	$ -	$ -	$ -	$ -	$ 5,139,305	$ (34,327)	$ (21,139)	$ 7,700,158
Total Net Cost (Revenue) of Operations	**$ 594,351**	**$ (17,752)**	**$ 5,834,713**	**$ 1,098,038**	**$ 3,502,791**	**$ 1,799,017**	**$ 5,451,033**	**$ 938,148**	**$ 5,139,305**	**$ (34,327)**	**$ (21,139)**	**$ 24,284,178**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Unexpended Appropriations												
Beginning Balances												
Earmarked Funds	$ -	$ -	$ 153,402	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 153,402
All Other Funds	-	-	3,457,265	191,134	3,710,930	331,942	1,278,311	135,046	930,648	-	-	10,035,276
Budgetary Financing Sources												
Appropriations Received												
Earmarked Funds	-	-	43,638	-	-	-	-	-	-	-	-	43,638
All Other Funds	-	-	5,711,047	811,915	1,966,627	1,710,657	5,897,045	947,613	4,993,761	-	-	22,038,665
Appropriations Transferred-In/Out												
Earmarked Funds	-	-	(9,507)	-	-	-	-	-	-	-	0	(9,507)
All Other Funds	-	-	56,965	292,349	(48)	(12,871)	(78,727)	(3,469)	(3,744)	-	0	250,455
Other Adjustments												
Earmarked Funds	-	-	(117,163)	-	-	-	-	-	-	-	-	(117,163)
All Other Funds	-	-	(178,397)	(11,804)	(126,438)	(21,540)	(98,648)	(11,796)	(63,837)	-	-	(512,460)
Appropriations Used												
Earmarked Funds	-	-	(10,299)	-	-	-	-	-	-	-	-	(10,299)
All Other Funds	-	-	(5,780,625)	(1,059,283)	(2,341,208)	(1,734,888)	(5,787,336)	(947,271)	(5,081,787)	-	-	(22,732,398)
Total Financing Sources												
Earmarked Funds	-	-	**(93,331)**	-	-	-	-	-	-	-	-	(93,331)
All Other Funds	-	-	**(191,010)**	**33,177**	**(501,067)**	**(58,642)**	**(67,666)**	**(14,923)**	**(155,607)**	-	-	(955,738)
Net Change												
Earmarked Funds	-	-	(93,331)	-	-	-	-	-	-	-	-	(93,331)
All Other Funds	-	-	(191,010)	33,177	(501,067)	(58,642)	(67,666)	(14,923)	(155,607)	-	-	(955,738)
Ending Balances												
Earmarked Funds	-	-	**60,071**	-	-	-	-	-	-	-	-	60,071
All Other Funds	-	-	**3,266,255**	**224,311**	**3,209,863**	**273,300**	**1,210,645**	**120,123**	**775,041**	-	-	9,079,538
Total All Funds	**$ -**	**$ -**	**$ 3,326,326**	**$ 224,311**	**$ 3,209,863**	**$ 273,300**	**$ 1,210,645**	**$ 120,123**	**$ 775,041**	**$ -**	**$ -**	**$ 9,139,609**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Cumulative Results of Operations												
Beginning Balances												
Earmarked Funds	**$ 444,912**	**$ -**	**$ 280,168**	**$ -**	**$ 2,254,809**	**$ (53,328)**	**$ -**	**$ -**	**$ 60,433**	**$ -**	**$ -**	**$ 2,986,994**
All Other Funds	3,131	337,476	(501,341)	156,456	8,075	18,011	555,912	54,170	5,481,503	417,886	-	6,531,279
Budgetary Financing Sources												
Other Ajustments												
All Other Funds	-	(2,500)	-	-	-	-	-	-	-	-	-	(2,500)
Appropriations Used												
Earmarked Funds	-	-	10,299	-	-	-	-	-	-	-	-	10,299
All Other Funds	-	-	5,780,625	1,059,283	2,341,208	1,734,888	5,787,336	947,271	5,081,787	-	-	22,732,398
Nonexchange Revenues												
Earmarked Funds	63,481	-	52	-	649,621	-	-	-	-	-	-	713,154
All Other Funds	(3,131)	-	-	-	1,950	-	-	-	-	-	-	(1,181)
Donations and Forfeitures of Cash and Cash Equivalents												
Earmarked Funds	1,009,217	-	-	-	-	-	-	-	-	-	-	1,009,217
Transfers-In/Out Without Reimbursement												
All Other Funds	-	122,374	-	-	-	-	-	-	-	-	-	122,374
Other Budgetary Financing Sources												
Earmarked Funds	-	-	-	-	(19,265)	-	-	-	-	-	-	(19,265)
Other Financing Sources												
Donations and Forfeitures of Property												
Earmarked Funds	115,687	-	-	-	-	-	-	-	-	-	-	115,687
All Other Funds	-	-	-	-	-	-	-	290	212	-	-	502
Transfers-In/Out Without Reimbursement												
Earmarked Funds	(8,020)	-	-	-	-	(15,000)	-	-	-	-	0	(23,020)
All Other Funds	-	(46,420)	(109,782)	730	115,684	26,618	(5,957)	13,152	(6,918)	42	0	(12,851)
Imputed Financing from Costs Absorbed by Others												
Earmarked Funds	-	-	11,913	-	-	5,287	-	-	3,004	-	-	20,204
All Other Funds	-	4,962	119,325	30,678	3,684	60,744	203,842	31,490	166,452	34,700	(25,823)	630,054
Total Financing Sources												
Earmarked Funds	**1,180,365**	**-**	**22,264**	**-**	**630,356**	**(9,713)**	**-**	**-**	**3,004**	**-**	**-**	**1,826,276**
All Other Funds	**(3,131)**	**78,416**	**5,790,168**	**1,090,691**	**2,462,526**	**1,822,250**	**5,985,221**	**992,203**	**5,241,533**	**34,742**	**(25,823)**	**23,468,796**
Net Cost of Operations												
Earmarked Funds	(974,155)	-	(75,638)	-	(610,261)	5,045	-	-	(526)	-	-	(1,655,535)
All Other Funds	-	67,211	(5,741,222)	(1,086,861)	(2,456,551)	(1,797,477)	(5,828,013)	(997,471)	(5,305,076)	(17,505)	25,823	(23,137,142)
Net Change												
Earmarked Funds	206,210	-	(53,374)	-	20,095	(4,668)	-	-	2,478	-	-	170,741
All Other Funds	(3,131)	145,627	48,946	3,830	5,975	24,773	157,208	(5,268)	(63,543)	17,237	-	331,654
Ending Balances												
Earmarked Funds	**651,122**	**-**	**226,794**	**-**	**2,274,904**	**(57,996)**	**-**	**-**	**62,911**	**-**	**-**	**3,157,735**
All Other Funds	**-**	**483,103**	**(452,395)**	**160,286**	**14,050**	**42,784**	**713,120**	**48,902**	**5,417,960**	**435,123**	**-**	**6,862,933**
Total All Funds	**$ 651,122**	**$ 483,103**	**$ (225,601)**	**$ 160,286**	**$ 2,288,954**	**$ (15,212)**	**$ 713,120**	**$ 48,902**	**$ 5,480,871**	**$ 435,123**	**$ -**	**$ 10,020,668**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Unexpended Appropriations												
Beginning Balances	**$ -**	**$ -**	**$ 3,117,381**	**$ 200,244**	**$ 5,079,192**	**$ 377,955**	**$ 1,375,234**	**$ 132,466**	**$ 1,196,700**	**$ -**	**$ -**	**$ 11,479,172**
Budgetary Financing Sources												
Appropriations Received	-	-	5,838,257	769,654	2,039,051	1,660,914	5,355,261	894,357	4,840,796	-	-	21,398,290
Appropriations Transferred-In/Out	-	-	558,497	257,497	(531,525)	3,846	(30,937)	(14,510)	(12,740)	-	0	230,128
Other Adjustments	-	-	(190,740)	(10,121)	(75,294)	(22,109)	(136,539)	(12,950)	(64,523)	-	-	(512,276)
Appropriations Used	-	-	(5,712,728)	(1,026,140)	(2,800,494)	(1,688,664)	(5,284,708)	(864,317)	(5,029,585)	-	-	(22,406,636)
Total Budgetary Financing Sources	**-**	**-**	**493,286**	**(9,110)**	**(1,368,262)**	**(46,013)**	**(96,923)**	**2,580**	**(266,052)**	**-**	**-**	(1,290,494)
Total Unexpended Appropriations	**$ -**	**$ -**	**$ 3,610,667**	**$ 191,134**	**$ 3,710,930**	**$ 331,942**	**$ 1,278,311**	**$ 135,046**	**$ 930,648**	**$ -**	**$ -**	**$ 10,188,678**
Cumulative Results of Operations												
Beginning Balances	**$ 427,930**	**$ 360,940**	**$ (457,670)**	**$ 195,639**	**$ 2,157,744**	**$ 6,729**	**$ 539,948**	**$ 94,106**	**$ 5,473,486**	**$ 353,418**	**$ -**	**$ 9,152,270**
Budgetary Financing Sources												
Other Adjustments	-	(60,000)	-	-	-	-	-	-	-	-	-	(60,000)
Appropriations Used	-	-	5,712,728	1,026,140	2,800,494	1,688,664	5,284,708	864,317	5,029,585	-	-	22,406,636
Nonexchange Revenues	29,078	-	-	-	671,696	-	-	-	-	-	-	700,774
Donations and Forfeitures of Cash and Cash Equivalents	514,876	-	-	-	-	-	-	-	-	-	-	514,876
Transfers-In/Out Without Reimbursement	-	95,957	2,188	-	-	-	-	-	-	-	-	98,145
Other Financing Sources												
Donations and Forfeitures of Property	80,564	-	-	-	-	-	-	114	1,076	-	-	81,754
Transfers-In/Out Without Reimbursement	(10,054)	(82,104)	227,382	871	132,007	1,128	(12,553)	517	10,676	-	0	267,870
Imputed Financing from Costs Absorbed by Others	-	4,931	128,912	31,844	3,734	67,179	194,842	33,264	166,418	30,141	(21,139)	640,126
Total Financing Sources	**614,464**	**(41,216)**	**6,071,210**	**1,058,855**	**3,607,931**	**1,756,971**	**5,466,997**	**898,212**	**5,207,755**	**30,141**	**(21,139)**	**24,650,181**
Net Cost of Operations	(594,351)	17,752	(5,834,713)	(1,098,038)	(3,502,791)	(1,799,017)	(5,451,033)	(938,148)	(5,139,305)	34,327	21,139	(24,284,178)
Net Change	20,113	(23,464)	236,497	(39,183)	105,140	(42,046)	15,964	(39,936)	68,450	64,468	-	366,003
Total Cumulative Results of Operations	**$ 448,043**	**$ 337,476**	**$ (221,173)**	**$ 156,456**	**$ 2,262,884**	**$ (35,317)**	**$ 555,912**	**$ 54,170**	**$ 5,541,936**	**$ 417,886**	**$ -**	**$ 9,518,273**

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U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Budgetary Resources											
Unobligated Balance, Net, Brought Forward, October 1	$ 278,978	$ 160,253	$ 632,748	$ 82,992	$ 683,734	$ 91,767	$ 452,437	$ 18,246	$ 533,142	$ 176,736	$ 3,111,033
Recoveries of Prior Year Unpaid Obligations	24,808	33,740	194,105	37,470	104,759	56,838	149,372	63,457	10,659	-	675,208
Budget Authority:											
Appropriations Received	1,273,744	-	6,011,628	811,915	3,923,599	1,859,091	5,897,045	947,613	4,993,761	-	25,718,396
Spending Authority from Offsetting Collections:											
Earned											
Collected	8,134	1,099,868	719,145	1,257,488	414,085	350,150	695,849	31,517	334,616	729,332	5,640,184
Change in Receivables from Federal Sources	338	62,606	93,638	(5,518)	2,863	16,317	23,132	17,674	(12,332)	(13,927)	184,791
Change in Unfilled Customer Orders											
Advance Received	-	-	29,998	4,745	(96,596)	1	15,151	-	(955)	75,215	27,559
Without Advance from Federal Sources	930	(12,177)	(2,415)	3,799	2,535	19,840	112,547	1,536	-	-	126,595
Subtotal Budget Authority	1,283,146	1,150,297	6,851,994	2,072,429	4,246,486	2,245,399	6,743,724	998,340	5,315,090	790,620	31,697,525
Nonexpenditure Transfers, Net, Anticipated and Actual	-	122,374	47,458	292,349	(48)	(12,871)	(78,727)	(3,469)	(3,744)	-	363,322
Temporarily not Available Pursuant to Public Law	(102,274)	-	-	-	(1,333,458)	18,698	-	-	-	-	(1,417,034)
Permanently not Available	-	(2,500)	(173,939)	(10,242)	(144,484)	(21,540)	(98,646)	(11,796)	(63,837)	-	(526,984)
Total Budgetary Resources	**$ 1,484,658**	**$ 1,464,164**	**$ 7,552,366**	**$ 2,474,998**	**$ 3,556,989**	**$ 2,378,291**	**$ 7,168,160**	**$ 1,064,778**	**$ 5,791,310**	**$ 967,356**	**$ 33,903,070**
Status of Budgetary Resources											
Obligations Incurred											
Direct	$ 1,057,924	$ -	$ 5,865,098	$ 1,127,153	$ 2,601,143	$ 1,912,626	$ 5,744,303	$ 978,085	$ 5,282,516	$ -	$ 24,568,848
Reimbursable	1,481	1,200,688	1,061,558	1,261,585	379,220	384,620	825,727	56,757	33,942	850,798	6,056,376
Total Obligations Incurred (Notes 21)	1,059,405	1,200,688	6,926,656	2,388,738	2,980,363	2,297,246	6,570,030	1,034,842	5,316,458	850,798	30,625,224
Unobligated Balance - Available:											
Apportioned	28,152	156,642	417,416	68,039	574,048	66,579	468,003	17,645	386,014	-	2,182,538
Exempt from Apportionment	-	-	-	-	-	-	-	-	36,223	116,558	152,781
Total Unobligated Balance - Available	28,152	156,642	417,416	68,039	574,048	66,579	468,003	17,645	422,237	116,558	2,335,319
Unobligated Balance not Available	397,101	106,834	208,294	18,221	2,578	14,466	130,127	12,291	52,615	-	942,527
Total Status of Budgetary Resources	**$ 1,484,658**	**$ 1,464,164**	**$ 7,552,366**	**$ 2,474,998**	**$ 3,556,989**	**$ 2,378,291**	**$ 7,168,160**	**$ 1,064,778**	**$ 5,791,310**	**$ 967,356**	**$ 33,903,070**

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance											
Obligated Balance, Net - Brought Forward, October 1											
Unpaid Obligations	$ 174,645	$ 368,259	$ 3,054,385	$ 447,846	$ 4,943,260	$ 509,807	$ 1,402,110	$ 201,268	$ 884,102	$ 205,021	$ 12,190,703
Less: Uncollected Customer Payments from Federal Sources	7,733	207,242	314,456	187,083	22,492	104,708	283,964	31,086	22,491	47,765	1,229,020
Total Unpaid Obligated Balance, Net - Brought Forward, Octo	166,912	161,017	2,739,929	260,763	4,920,768	405,099	1,118,146	170,182	861,611	157,256	10,961,683
Obligations Incurred, Net	1,059,405	1,200,688	6,926,656	2,388,738	2,980,363	2,297,246	6,570,030	1,034,842	5,316,458	850,798	30,625,224
Less: Gross Outlays	629,213	1,100,329	6,708,118	2,298,717	3,539,846	2,282,941	6,395,832	973,816	5,428,867	760,166	30,117,845
Less: Recoveries of Prior Year Unpaid Obligations, Actua	24,808	33,740	194,105	37,470	104,759	56,838	149,372	63,457	10,659	-	675,208
Change in Uncollected Customer Payments from Federal Sources	(1,268)	(50,429)	(91,223)	1,719	(5,398)	(36,157)	(135,679)	(19,210)	12,332	13,927	(311,386)
Obligated Balance, Net - End of Period:											
Unpaid Obligations	580,029	434,878	3,078,816	500,397	4,279,018	467,273	1,426,936	198,836	761,034	295,653	12,022,870
Less: Uncollected Customer Payments from Federal Sources	9,001	257,671	405,677	185,364	27,890	140,864	419,643	50,295	10,159	33,838	1,540,402
Total Unpaid Obligated Balance, Net - End of Perioc	571,028	177,207	2,673,139	315,033	4,251,128	326,409	1,007,293	148,541	750,875	261,815	10,482,468
Outlays											
Gross Outlays	$ 629,213	$ 1,100,329	$ 6,708,118	$ 2,298,717	$ 3,539,846	$ 2,282,941	$ 6,395,832	$ 973,816	$ 5,428,867	$ 760,166	$ 30,117,845
Less: Offsetting Collections	8,134	1,099,868	749,143	1,262,233	317,488	350,152	711,000	31,517	333,661	804,548	5,667,744
Less: Distributed Offsetting Receipts	60,350	319,962	244,351	(4,636)	397	149,829	15,676	1,338	(929)	-	786,338
Total Net Outlays (Note 21)	**$ 560,729**	**$ (319,501)**	**$ 5,714,624**	**$ 1,041,120**	**$ 3,221,961**	**$ 1,782,960**	**$ 5,669,156**	**$ 940,961**	**$ 5,096,135**	**$ (44,382)**	**$ 23,663,763**

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Budgetary Resources											
Unobligated Balance, Net, Brought Forward, October 1	$ 311,672	$ 219,198	$ 471,190	$ 64,709	$ 410,015	$ 123,641	$ 294,397	$ 17,237	$ 719,928	$ 71,848	$ 2,703,835
Recoveries of Prior Year Unpaid Obligations	23,940	22,483	228,995	22,310	128,464	110,400	120,463	66,447	12,371	-	735,873
Budget Authority:											
Appropriations Received	669,834	-	6,104,288	769,654	3,968,383	1,798,827	5,355,261	894,357	4,840,796	-	24,401,400
Spending Authority from Offsetting Collections:											
Earned											
Collected	247	1,026,407	907,483	1,146,659	397,900	381,882	775,180	42,807	319,186	840,723	5,838,474
Change in Receivables from Federal Sources	3,634	704	(47,180)	14,250	7,415	(36,110)	(76,162)	(6,871)	(11,291)	(23,455)	(175,066)
Change in Unfilled Customer Orders											
Advance Received	-	-	-	4,989	(62,750)	(59)	(3,891)	-	(461)	25,205	(36,967)
Without Advance from Federal Sources	(74)	41,665	(13,628)	16,820	4,668	(3,209)	15,262	6,556	-	-	68,060
Subtotal Budget Authority	673,641	1,068,776	6,950,963	1,952,372	4,315,616	2,141,331	6,065,650	936,849	5,148,230	842,473	30,095,901
Nonexpenditure Transfers, Net, Anticipated and Actual	-	95,957	72,459	257,497	(45,634)	3,846	(30,937)	(14,510)	(12,740)	-	325,938
Temporarily not Available Pursuant to Public Law	(102,092)	-	(110,056)	-	(1,307,352)	(2,003)	-	-	-	-	(1,521,503)
Permanently not Available	-	(60,000)	(190,500)	(11,682)	(75,329)	(22,109)	(136,539)	(12,950)	(64,523)	-	(573,632)
Total Budgetary Resources (Note 23)	**$ 907,161**	**$ 1,346,414**	**$ 7,423,051**	**$ 2,285,206**	**$ 3,425,780**	**$ 2,355,106**	**$ 6,313,034**	**$ 993,073**	**$ 5,803,266**	**$ 914,321**	**$ 31,766,412**
Status of Budgetary Resources											
Obligations Incurred											
Direct	$ 625,902	$ -	$ 5,944,348	$ 1,017,151	$ 2,419,835	$ 1,928,825	$ 5,175,148	$ 929,684	$ 5,226,045	$ -	$ 23,266,938
Reimbursable	2,281	1,186,161	845,955	1,185,063	322,211	334,514	685,449	45,143	44,079	737,585	5,388,441
Total Obligations Incurred (Notes 21)	628,183	1,186,161	6,790,303	2,202,214	2,742,046	2,263,339	5,860,597	974,827	5,270,124	737,585	28,655,379
Unobligated Balance - Available:											
Apportioned	170,953	157,190	395,840	73,094	633,631	71,442	347,367	12,132	459,726	-	2,321,375
Exempt from Apportionment	-	-	-	-	-	-	-	-	35,312	176,736	212,048
Total Unobligated Balance - Available	170,953	157,190	395,840	73,094	633,631	71,442	347,367	12,132	495,038	176,736	2,533,423
Unobligated Balance not Available	108,025	3,063	236,908	9,898	50,103	20,325	105,070	6,114	38,104	-	577,610
Total Status of Budgetary Resources	**$ 907,161**	**$ 1,346,414**	**$ 7,423,051**	**$ 2,285,206**	**$ 3,425,780**	**$ 2,355,106**	**$ 6,313,034**	**$ 993,073**	**$ 5,803,266**	**$ 914,321**	**$ 31,766,412**

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance											
Obligated Balance, Net - Brought Forward, October 1											
Unpaid Obligations	$ 179,938	$ 336,590	$ 2,950,875	$ 460,044	$ 6,215,620	$ 497,722	$ 1,551,408	$ 200,248	$ 939,699	$ 183,206	$ 13,515,350
Less: Uncollected Customer Payments from Federal Sources	4,173	164,872	375,264	156,013	10,409	144,028	344,864	31,400	33,782	71,220	1,336,025
Total Unpaid Obligated Balance, Net - Brought Forward, Octo	175,765	171,718	2,575,611	304,031	6,205,211	353,694	1,206,544	168,848	905,917	111,986	12,179,325
Obligations Incurred, Net	628,183	1,186,161	6,790,303	2,202,214	2,742,046	2,263,339	5,860,597	974,827	5,270,124	737,585	28,655,379
Less: Gross Outlays	609,535	1,132,010	6,979,710	2,192,103	3,364,031	2,140,853	5,889,430	907,428	5,313,350	715,771	29,244,221
Obligated Balance Transferred, Net:											
Actual Transfers, Unpaid Obligations	-	-	521,911	-	(521,911)	-	-	-	-	-	-
Actual Transfers, Uncollected Customer Payments from Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Unpaid Obligated Balance Transferred, Net	-	-	521,911	-	(521,911)	-	-	-	-	-	-
Less: Recoveries of Prior Year Unpaid Obligations, Actual	23,940	22,483	228,995	22,310	128,464	110,400	120,463	66,447	12,371	-	735,873
Change in Uncollected Customer Payments from Federal Sources	(3,560)	(42,369)	60,809	(31,070)	(12,083)	39,320	60,898	315	11,291	23,455	107,006
Obligated Balance, Net - End of Period:											
Unpaid Obligations	174,645	368,259	3,054,385	447,846	4,943,260	509,807	1,402,110	201,268	884,102	205,021	12,190,703
Less: Uncollected Customer Payments from Federal Sources	7,733	207,242	314,456	187,083	22,492	104,708	283,964	31,086	22,491	47,765	1,229,020
Total Unpaid Obligated Balance, Net - End of Period	166,912	161,017	2,739,929	260,763	4,920,768	405,099	1,118,146	170,182	861,611	157,256	10,961,683
Outlays											
Gross Outlays	$ 609,535	$ 1,132,010	$ 6,979,710	$ 2,192,103	$ 3,364,031	$ 2,140,853	$ 5,889,430	$ 907,428	$ 5,313,350	$ 715,771	$ 29,244,221
Less: Offsetting Collections	247	1,026,407	907,483	1,151,648	335,150	381,823	771,289	42,807	318,725	865,929	5,801,508
Less: Distributed Offsetting Receipts	29,078	-	280,151	-	-	137,914	-	-	-	-	447,143
Total Net Outlays (Note 21)	**$ 580,210**	**$ 105,603**	**$ 5,792,076**	**$ 1,040,455**	**$ 3,028,881**	**$ 1,621,116**	**$ 5,118,141**	**$ 864,621**	**$ 4,994,625**	**$ (150,158)**	**$ 22,995,570**

U. S. Department of Justice
Consolidating Statement of Financing
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Resources Used to Finance Activities												
Budgetary Resources Obligated												
Obligations Incurred	$ 1,059,405	$ 1,200,688	$ 6,926,656	$ 2,388,738	$ 2,980,363	$ 2,297,246	$ 6,570,030	$ 1,034,842	$ 5,316,458	$ 850,798	$ -	$ 30,625,224
Less: Spending Authority from Offsetting Collections and Recoveries	34,210	1,184,037	1,034,471	1,297,984	427,646	443,146	996,051	114,184	331,988	790,620	-	6,654,337
Obligations Net of Offsetting Collections and Recoveries	1,025,195	16,651	5,892,185	1,090,754	2,552,717	1,854,100	5,573,979	920,658	4,984,470	60,178	-	23,970,887
Less: Offsetting Receipts	60,350	319,962	244,351	(4,636)	397	149,829	15,676	1,338	(929)	-	-	786,338
Net Obligations	964,845	(303,311)	5,647,834	1,095,390	2,552,320	1,704,271	5,558,303	919,320	4,985,399	60,178	-	23,184,549
Other Resources												
Donations and Forfeitures of Property	115,687	-	-	-	-		-	290	212	-	-	116,189
Transfers-In/Out Without Reimbursement	(8,020)	(46,420)	(109,782)	730	115,684	11,618	(5,957)	13,152	(6,918)	42	-	(35,871)
Imputed Financing from Costs Absorbed by Others	-	4,962	131,238	30,678	3,684	66,031	203,842	31,490	169,456	34,700	(25,823)	650,258
Net Other Resources Used to Finance Activities	107,667	(41,458)	21,456	31,408	119,368	77,649	197,885	44,932	162,750	34,742	(25,823)	730,576
Total Resources Used to Finance Activities	**1,072,512**	**(344,769)**	**5,669,290**	**1,126,798**	**2,671,688**	**1,781,920**	**5,756,188**	**964,252**	**5,148,149**	**94,920**	**(25,823)**	**23,915,125**
Resources Used to Finance Items not Part of the Net Cost of Operations												
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	(54,048)	(41,651)	190,984	(33,188)	396,788	39,703	175,290	27,492	94,226	-	-	795,596
Resources That Fund Expenses Recognized in Prior Periods	-	(486)	(71,309)	(989)	(16)	(11,472)	(74,828)	(5)	(9,030)	(71)	-	(168,206)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(51,450)	319,962	22,874	(4,636)	2,347	1,395	15,676	1,338	(929)	-	-	306,577
Resources That Finance the Acquisition of Assets	(470)	(7,333)	(32,968)	(34,864)	(490)	(99,063)	(214,197)	(33,942)	(303,985)	(85,437)	-	(812,749)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	6,683	(2)	-	-	15	1,519	1,103	-	-	-	-	9,318
Total Resources Used to Finance Items not Part of the Net Cost of Operations	**(99,285)**	**270,490**	**109,581**	**(73,677)**	**398,644**	**(67,918)**	**(96,956)**	**(5,117)**	**(219,718)**	**(85,508)**	**-**	**130,536**
Total Resources Used to Finance the Net Cost of Operations	**973,227**	**(74,279)**	**5,778,871**	**1,053,121**	**3,070,332**	**1,714,002**	**5,659,232**	**959,135**	**4,928,431**	**9,412**	**(25,823)**	**24,045,661**
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period												
Components Requiring or Generating Resources in Future Periods												
Increase in Annual and Compensatory Leave Liabilities	-	66	933	2,298	244	4,965	-	2,900	5,173	588	-	17,167
(Increase)/Decrease in Exchange Revenue Receivable from the Publ	-	-	18,419	(26)	-	554	4,314	-	-	(3,811)	-	19,450
Other	-	26	5,362	2,119	33	19,364	13,732	2,145	54,979	2,027	-	99,787
Total Components of Net Cost of Operations That will Require or Generate Resources in Future Periods	-	92	24,714	4,391	277	24,883	18,046	5,045	60,152	(1,196)	-	136,404
Components not Requiring or Generating Resources												
Depreciation and Amortization	928	6,976	15,535	23,643	1,281	53,260	125,158	31,947	314,591	9,553	-	582,872
Revaluation of Assets or Liabilities	-	-	-	12,244	143	-	13,082	1,344	2,428	(1,891)	-	27,350
Other	-	-	(2,260)	(6,538)	(5,221)	287	12,495	-	-	1,627	-	390
Total Components of Net Cost of Operations That will not Require or Generate Resources	928	6,976	13,275	29,349	(3,797)	53,547	150,735	33,291	317,019	9,289	-	610,612
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	928	7,068	37,989	33,740	(3,520)	78,430	168,781	38,336	377,171	8,093	-	747,016
Net Cost of Operations	**$ 974,155**	**$ (67,211)**	**$ 5,816,860**	**$ 1,086,861**	**$ 3,066,812**	**$ 1,792,432**	**$ 5,828,013**	**$ 997,471**	**$ 5,305,602**	**$ 17,505**	**$ (25,823)**	**$ 24,792,677**

U. S. Department of Justice
Consolidating Statement of Financing
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Resources Used to Finance Activities												
Budgetary Resources Obligated												
Obligations Incurred	$ 628,183	$ 1,186,161	$ 6,790,303	$ 2,202,214	$ 2,742,046	$ 2,263,339	$ 5,860,597	$ 974,827	$ 5,270,124	$ 737,585	$ -	$ 28,655,379
Less: Spending Authority from Offsetting Collections and Recoveries	27,747	1,091,259	1,075,670	1,205,028	475,697	452,904	830,852	108,939	319,805	842,473	-	6,430,374
Obligations Net of Offsetting Collections and Recoveries	600,436	94,902	5,714,633	997,186	2,266,349	1,810,435	5,029,745	865,888	4,950,319	(104,888)	-	22,225,005
Less: Offsetting Receipts	29,078	-	280,151	-	-	137,914	-	-	-	-	-	447,143
Net Obligations	571,358	94,902	5,434,482	997,186	2,266,349	1,672,521	5,029,745	865,888	4,950,319	(104,888)	-	21,777,862
Other Resources												
Donations and Forfeitures of Property	80,564	-	-	-	-	-	-	114	1,076	-	-	81,754
Transfers-In/Out Without Reimbursement	(10,054)	(82,104)	227,382	871	132,007	1,128	(12,553)	517	10,676	-	-	267,870
Imputed Financing from Costs Absorbed by Others	-	4,931	128,912	31,844	3,734	67,179	194,842	33,264	166,418	30,141	(21,139)	640,126
Net Other Resources Used to Finance Activities	70,510	(77,173)	356,294	32,715	135,741	68,307	182,289	33,895	178,170	30,141	(21,139)	989,750
Total Resources Used to Finance Activities	**641,868**	**17,729**	**5,790,776**	**1,029,901**	**2,402,090**	**1,740,828**	**5,212,034**	**899,783**	**5,128,489**	**(74,747)**	**(21,139)**	**22,767,612**
Resources Used to Finance Items not Part of the Net Cost of Operations												
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	(7,870)	(39,372)	278,023	28,675	1,095,626	10,141	238,615	9,806	83,662	-	-	1,697,306
Resources That Fund Expenses Recognized in Prior Periods	-	(1,022)	(329,706)	(942)	(11)	-	-	(1,992)	(11,164)	(98)	-	(344,935)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(45,170)	-	-	-	3,428	-	-	-	-	-	-	(41,742)
Resources That Finance the Acquisition of Assets	(977)	(1,635)	(13,228)	(10,722)	398	(71,303)	(207,135)	(9,252)	(430,296)	32,364	-	(711,786)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	1,600	-	-	-	(1,676)	17,605	(20,071)	-	-	-	-	(2,542)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	**(52,417)**	**(42,029)**	**(64,911)**	**17,011**	**1,097,765**	**(43,557)**	**11,409**	**(1,438)**	**(357,798)**	**32,266**	**-**	**596,301**
Total Resources Used to Finance the Net Cost of Operations	**589,451**	**(24,300)**	**5,725,865**	**1,046,912**	**3,499,855**	**1,697,271**	**5,223,443**	**898,345**	**4,770,691**	**(42,481)**	**(21,139)**	**23,363,913**
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period												
Components Requiring or Generating Resources in Future Periods												
Increase in Annual and Compensatory Leave Liabilities	-	332	6,516	1,417	186	4,706	13,476	2,567	5,123	249	-	34,572
(Increase)/Decrease in Exchange Revenue Receivable from the Public	-	-	11,823	-	-	(851)	(5,076)	-	-	(2,018)	-	3,878
Other	4,900	-	84,273	23,877	48	52,975	89,251	2,090	57,674	1,419	-	316,507
Total Components of Net Cost of Operations That will Require or Generating Resources in Future Periods	4,900	332	102,612	25,294	234	56,830	97,651	4,657	62,797	(350)	-	354,957
Components not Requiring or Generating Resources												
Depreciation and Amortization	-	6,216	13,660	25,832	1,907	44,431	113,587	35,603	301,893	9,487	-	552,616
Revaluation of Assets or Liabilities	-	-	-	-	795	-	-	(457)	3,924	(1,959)	-	2,303
Other	-	-	(7,424)	-	-	485	16,352	-	-	976	-	10,389
Total Components of Net Cost of Operations That will not Require or Generate Resources	-	6,216	6,236	25,832	2,702	44,916	129,939	35,146	305,817	8,504	-	565,308
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	**4,900**	**6,548**	**108,848**	**51,126**	**2,936**	**101,746**	**227,590**	**39,803**	**368,614**	**8,154**	**-**	**920,265**
Net Cost of Operations	**$ 594,351**	**$ (17,752)**	**$ 5,834,713**	**$ 1,098,038**	**$ 3,502,791**	**$ 1,799,017**	**$ 5,451,033**	**$ 938,148**	**$ 5,139,305**	**$ (34,327)**	**$ (21,139)**	**$ 24,284,178**

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity											
Sources of Cash Collections											
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ -	$ 3,669,303	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,669,303**
Fees and Licenses	-	-	-	-	-	-	-	9,369	-	-	9,369
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	-	4,685	-	27	-	-	4,712
Fines, Penalties and Restitution Payments - Criminal	-	414,119	-	-	-	-	-	27	-	-	414,146
Miscellaneous	-	-	4,708	-	-	-	-	258	-	-	4,966
Total Cash Collections	**$ -**	**$ 4,083,422**	**$ 4,708**	**$ -**	**$ -**	**$ 4,685**	**$ -**	**$ 9,681**	**$ -**	**$ -**	**$ 4,102,496**
Accrual Adjustments	-	-	(153)	-	-	(542)	-	73	-	-	(622)
Total Custodial Revenue	**$ -**	**$ 4,083,422**	**$ 4,555**	**$ -**	**$ -**	**$ 4,143**	**$ -**	**$ 9,754**	**$ -**	**$ -**	**$ 4,101,874**
Disposition of Collections											
Transferred to Federal Agencies											
Agency for International Development	-	(7,162)	-	-	-	-	-	-	-	-	(7,162)
Department of State	-	(80)	-	-	-	-	-	-	-	-	(80)
Environmental Protection Agency	-	(221,558)	-	-	-	-	-	-	-	-	(221,558)
Federal Communications Commission	-	(103,417)	-	-	-	-	-	-	-	-	(103,417)
Federal Deposit Insurance Corporation	-	(2,011)	-	-	-	-	-	-	-	-	(2,011)
Federal Trade Commission	-	(20,403)	-	-	-	-	-	-	-	-	(20,403)
General Services Administration	-	(16,969)	-	-	-	-	-	-	-	-	(16,969)
National Aeronautics and Space Administration	-	(117,684)	-	-	-	-	-	-	-	-	(117,684)
Office of Personnel Management	-	(58,477)	-	-	-	-	-	-	-	-	(58,477)
Small Business Administration	-	(10,577)	-	-	-	-	-	-	-	-	(10,577)
Social Security Administration	-	(801)	-	-	-	-	-	-	-	-	(801)
U.S. Army Corps of Engineers	-	(2,802)	-	-	-	-	-	-	-	-	(2,802)
U.S. Department of Agriculture	-	(93,822)	-	-	-	-	-	-	-	-	(93,822)
U.S. Department of Commerce	-	(22,760)	-	-	-	-	-	-	-	-	(22,760)
Office of the Secretary of Defense-Defense Agencies	-	(589,933)	-	-	-	-	-	-	-	-	(589,933)
U.S. Department of Education	-	(15,849)	-	-	-	-	-	-	-	-	(15,849)
U.S. Department of Energy	-	(9,846)	-	-	-	-	-	-	-	-	(9,846)
U.S. Department of Health and Human Services	-	(1,248,381)	-	-	-	-	-	-	-	-	(1,248,381)
U.S. Department of Homeland Security	-	(14,512)	-	-	-	-	-	-	-	-	(14,512)
U.S. Department of Housing and Urban Development	-	(39,578)	-	-	-	-	-	-	-	-	(39,578)
U.S. Department of Justice	-	(490,669)	-	-	-	-	-	-	-	-	(490,669)
U.S. Department of Labor	-	(1,420)	-	-	-	-	-	-	-	-	(1,420)
U.S. Department of the Interior	-	(36,587)	-	-	-	-	-	-	-	-	(36,587)
U.S. Department of the Treasury	-	(270,265)	-	-	-	(4,685)	-	(9,408)	-	-	(284,358)
U.S. Department of Transportation	-	(15,087)	-	-	-	-	-	-	-	-	(15,087)
U.S. Department of Veterans Affairs	-	(10,587)	-	-	-	-	-	-	-	-	(10,587)
U.S. Postal Service	-	(29,354)	-	-	-	-	-	-	-	-	(29,354)
Other	-	(14,147)	-	-	-	-	-	-	-	-	(14,147)
Transferred to the Public	-	(614,155)	(385,473)	-	-	-	-	-	-	-	(999,628)
(Increase)/Decrease in Amounts Yet to be Transferred	-	103,358	380,918	-	-	542	-	-	-	-	484,818
Refunds and Other Payments	-	(461)	-	-	-	-	-	(346)	-	-	(807)
Retained by the Reporting Entity	-	(107,426)	-	-	-	-	-	-	-	-	(107,426)
Net Custodial Activity	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2005

Dollars in Thousands	AFF/SADF	WCF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity											
Sources of Cash Collections											
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ -	$ 3,140,374	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,140,374**
Fees and Licenses	-	-	-	-	-	-	-	8,610	-	-	8,610
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	-	4,954	-	-	-	-	4,954
Fines, Penalties and Restitution Payments - Criminal	-	27,623	-	-	-	-	-	35	-	-	27,658
Miscellaneous	-	-	7,454	-	-	-	-	289	-	-	7,743
Total Cash Collections	**$ -**	**$ 3,167,997**	**$ 7,454**	**$ -**	**$ -**	**$ 4,954**	**$ -**	**$ 8,934**	**$ -**	**$ -**	**$ 3,189,339**
Accrual Adjustments	-	-	152	-	-	(88)	-	(105)	-	-	(41)
Total Custodial Revenue	**$ -**	**$ 3,167,997**	**$ 7,606**	**$ -**	**$ -**	**$ 4,866**	**$ -**	**$ 8,829**	**$ -**	**$ -**	**$ 3,189,298**
Disposition of Collections											
Transferred to Federal Agencies											
Agency for International Development	-	(29,236)	-	-	-	-	-	-	-	-	(29,236)
Department of State	-	(449)	-	-	-	-	-	-	-	-	(449)
Environmental Protection Agency	-	(189,565)	-	-	-	-	-	-	-	-	(189,565)
Federal Communications Commission	-	(13,571)	-	-	-	-	-	-	-	-	(13,571)
Federal Deposit Insurance Corporation	-	(860)	-	-	-	-	-	-	-	-	(860)
Federal Trade Commission	-	(6,395)	-	-	-	-	-	-	-	-	(6,395)
General Services Administration	-	(31,006)	-	-	-	-	-	-	-	-	(31,006)
National Aeronautics and Space Administration	-	(1,822)	-	-	-	-	-	-	-	-	(1,822)
Office of Personnel Management	-	(17,516)	-	-	-	-	-	-	-	-	(17,516)
Small Business Administration	-	(10,250)	-	-	-	-	-	-	-	-	(10,250)
Social Security Administration	-	(591)	-	-	-	-	-	-	-	-	(591)
U.S. Army Corps of Engineers	-	(1,970)	-	-	-	-	-	-	-	-	(1,970)
U.S. Department of Agriculture	-	(110,386)	-	-	-	-	-	-	-	-	(110,386)
U.S. Department of Commerce	-	(3,613)	-	-	-	-	-	-	-	-	(3,613)
Office of the Secretary of Defense-Defense Agencies	-	(85,836)	-	-	-	-	-	-	-	-	(85,836)
U.S. Department of Education	-	(19,092)	-	-	-	-	-	-	-	-	(19,092)
U.S. Department of Energy	-	(10,297)	-	-	-	-	-	-	-	-	(10,297)
U.S. Department of Health and Human Services	-	(530,979)	-	-	-	-	-	-	-	-	(530,979)
U.S. Department of Homeland Security	-	(27,579)	-	-	-	-	-	-	-	-	(27,579)
U.S. Department of Housing and Urban Development	-	(8,474)	-	-	-	-	-	-	-	-	(8,474)
U.S. Department of Justice	-	(410,504)	-	-	-	-	-	-	-	-	(410,504)
U.S. Department of Labor	-	(1,416)	-	-	-	-	-	-	-	-	(1,416)
U.S. Department of the Interior	-	(27,475)	-	-	-	-	-	-	-	-	(27,475)
U.S. Department of the Treasury	-	(979,775)	-	-	-	(4,954)	-	(8,620)	-	-	(993,349)
U.S. Department of Transportation	-	(3,479)	-	-	-	-	-	-	-	-	(3,479)
U.S. Department of Veterans Affairs	-	(9,420)	-	-	-	-	-	-	-	-	(9,420)
U.S. Postal Service	-	(56,020)	-	-	-	-	-	-	-	-	(56,020)
Other	-	(103,761)	-	-	-	-	-	-	-	-	(103,761)
Transferred to the Public	-	(209,539)	-	-	-	-	-	-	-	-	(209,539)
(Increase)/Decrease in Amounts Yet to be Transferred	-	(182,260)	(7,606)	-	-	88	-	35	-	-	(189,743)
Refunds and Other Payments	-	(225)	-	-	-	-	-	(244)	-	-	(469)
Retained by the Reporting Entity	-	(84,636)	-	-	-	-	-	-	-	-	(84,636)
Net Custodial Activity	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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Required Supplementary Information and Required Supplementary Stewardship Information
Unaudited

See Independent Auditors' Report on Financial Statements

U.S. Department of Justice
Required Supplementary Information
Consolidated Intragovernmental Revolving Fund
As of and For the Fiscal Years Ended September 30, 2006 and 2005

The Department has three intragovernmental revolving funds, WCF-15X4526, FPI-15X4500, and Justice Prisoner and Alien Transportation System (JPATS)-15X4275. The WCF and FPI are presented as separate reporting entities in the consolidating and combining financial statements. The JPATS is included in the U.S. Marshals Service. The JPATS is responsible for transporting by air all Federal prisoners and detainees, including sentenced, pretrial, and illegal aliens, whether in custody of the U.S. Marshals Service, the Bureau of Prisons, or the Bureau of Immigration and Customs Enforcement of the DHS. As of and for the fiscal years ended September 30, 2006 and 2005, JPATS condensed financial information about assets, liabilities, net position, gross cost, exchange revenues and net cost of operations is presented below:

Dollars in Thousands	2006	2005
Fund Balance with U.S. Treasury	$ 39,721	$ 26,405
Accounts Receivable	8,260	16,451
Property, Plant and Equipment	23,505	17,047
Other Assets	1,013	1,071
Accounts Payable	13,201	9,009
Accrued Payroll and Benefits	362	674
Other Liabilities	4,152	4,826
Cumulative Results of Operations	54,784	46,465
Gross Cost of Operations	74,369	86,213
Exchange Revenues	(82,688)	(86,490)
Net Cost of Operations	(8,319)	(277)

U.S. Department of Justice
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For the Fiscal Years Ended September 30, 2006, 2005, 2004, 2003 and 2002

The Violent Offender Incarceration and Truth-In Sentencing (VOI/TIS) Grant Program is administered by Office of Justice Program's Bureau of Justice Assistance (BJA). The VOI/TIS program provides grants to all states as well as the District of Columbia, Puerto Rico, Virgin Islands, American Samoa, Guam and the Northern Mariana Islands for the purposes of building or expanding correctional facilities and jails to increase secure confinement space for violent offenders.

VOI/TIS funds are available for the following purposes:

- Build or expand correctional facilities to increase the bed capacity for the confinement of persons convicted of a Part 1 violent crime or adjudicated delinquent for an act, which, if committed by an adult, would be a Part 1 violent crime. NOTE: Part 1 violent crime includes murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault as reported to the Federal Bureau of Investigation for purposes of the Uniform Crime Reports.
- Build or expand temporary or permanent correctional facilities, including facilities on military bases, prison barges, and boot camps, for the confinement of convicted nonviolent offenders and criminal aliens, for the purpose of freeing suitable existing prison space for the confinement of persons convicted of a Part 1 violent crime.
- Build or expand jails.
- Additionally, since FY 1999, up to 10 percent of a State's VOI/TIS award may be applied to the costs of offender drug testing or intervention programs during periods of incarceration and post-incarceration criminal justice supervision and/or pay the costs of providing the required reports on prison drug use.

The facilities built or expanded with these funds constitute non-federal physical property.

VOI/TIS funds expended from FY 2002 through FY 2006 are as follows:

Dollars in thousands	2006	2005	2004	2003	2002
Cooperative Agreement Program Administered by USMS	$2,521	$ 3,605	$ 10,961	$ 10,780	$ 20,544
Discretionary Grants to Indian Tribes	4,007	16,723	47,881	37,260	19,520
Formula Grants to States	222,650	249,892	311,717	182,924	298,443
Total	$229,178	$ 270,220	$ 370,559	$ 230,964	$ 338,507

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PART IV Management Section

Overview

The President's Management Agenda (PMA) contains five government-wide goals, and two initiatives specific to the Department of Justice, that envision a results-oriented, citizen-centered government that allow for improving performance and overall effectiveness. The Department recognizes the importance of good management and the efficient and economic delivery of desired results. Therefore, we are committed to effective and efficient operation with maximum accountability in all areas of operation. The first report that follows outlines the progress we have made throughout FY 2006 in implementing the strategies of the PMA.

In FY 2002, in an effort to support the President's budget and performance management initiative under the PMA, the OMB developed the Performance Assessment Rating Tool (PART) process. Now in its fifth cycle, the recommendations the Department has received are being used to inform annual budget and administrative decisions. This section provides an overview of progress the Department is making with the PART process and an update on the development of efficiency measures.

Additionally, each year the Department identifies existing and potential management challenges, weaknesses, and areas in need of improvement. Two primary sources used to identify these issues are the Department of Justice Office of the Inspector General's (OIG) Top Management and Performance Challenges and the Federal Manager's Financial Integrity Act (FMFIA) reporting process. Management challenges identified by the Inspector General are from an auditor's perspective and run the gamut from maintaining and effectively implementing information systems to ensuring sound financial management. They include areas of concern that bear significantly on how well the Department carries out its mission and meets its responsibilities as stewards of public funds. As required under the FMFIA, the Department reports to the President all material weaknesses and non-conformances that the Attorney General deems material, along with detailed corrective action plans. The OIG's full letter, the Department management's response, and FMFIA corrective action plans follow.

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PMA The President's Management Agenda

This section outlines the five overarching criteria of the PMA and two additional initiatives that help strengthen and improve the management of the Department of Justice. The following provides detailed information regarding the status of each goal and initiative and highlights the progress the Department has made in implementing the PMA throughout FY 2006 against each of the criteria items. Overall, the Department has made significant progress in supporting the strategies outlined in the PMA.

PMA 1. Strategic Management of Human Capital

Overall Status as of 9/30/06: Green

President Bush's Management Agenda seeks to flatten the federal hierarchy and make government more citizen-centered by reducing the number of layers within government. Through workforce planning, agencies can redistribute higher-level positions to aid timely decision-making and more effectively interact with citizens. The Department's main initiatives under the umbrella of strategic management of human capital include: streamlining, eliminating and/or consolidating duplicative functions and focusing resources on front-line positions, and strengthening hiring, training and diversity policies throughout the Department.

Criteria	FY 2006 Progress
• Implemented a comprehensive Human Capital Plan, that is fully integrated with the agency's overall strategic plan, analyzes the results relative to the plan, and uses them in decision making processes to drive continuous improvement;	• In September 2006, DOJ component Human Resource leadership participated in a one-day meeting to develop a framework for the new *2007-2010 Department of Justice Human Capital Strategic Plan*. Meeting participants identified key human capital critical success factors and related issues and challenges. Data collected from this meeting is being analyzed and transposed into a draft Human Capital Strategic Plan, which will contain short and long-term human capital goals and objectives. The resulting plan will reflect the human resources community strategies in support of the DOJ mission.
• Analyzed existing organizational structures from service and cost perspectives and is implementing a plan to optimize them using redeployment, restructuring, competitive sourcing, and E-Gov solutions and delayering, as necessary; and has process(es) in place to address future changes in business needs;	• A Department-wide comprehensive assessment of FY 2006 organizational restructuring efforts revealed that the majority of DOJ components continue to implement activities that improve organizational efficiency through delayering, increasing span of control, and redeploying resources. Examples of DOJ component organizational restructuring efforts include: co-locating similar programs to reduce overlap and duplication; creating staffing models to measure workload and optimum workforce structure and allocations within budget and safety requirements; and conducting (or still in the process of conducting) A-76 competitions. The Department's components met to discuss these results and organizational restructuring best practices.
• Succession strategies, including structured executive development programs, result in a leadership talent pool and agency meets its targets for closing leadership competency gaps;	• The Department's components continued to offer numerous training opportunities to strengthen competencies in leadership positions and mission-critical occupations. Training and other development programs are targeted to address specific skills and are evaluated to determine effectiveness. The Department's Justice Virtual University, an E-learning program, was piloted by five components. Issues and challenges identified through the pilot program have been assessed and will be addressed during the development of DOJ-wide Enterprise E-Learning Program.

Criteria	FY 2006 Progress
• Demonstrates that it has fair, credible, and transparent performance appraisal plans and awards programs for all SES and managers, and more than 60% of the workforce, that adhere to merit system principles (efficient, effective, and compliant); hold supervisors accountable for the performance management of subordinates as reflected in their performance plans and ratings; include employee involvement and feedback; and result in employee ratings that differentiate between various levels of performance and employees getting higher cash awards and/or recognition that those they outperform. The agency is working to include all agency employees under such systems;	• Each federal agency was directed by the Office of Personnel Management (OPM) to select a test site (i.e., beta site) in which to apply OPM's Performance Appraisal Assessment Tool (PAAT) before implementation throughout the entire agency. In FY 2006, DOJ selected the Antitrust Division (ATR) as its test site. ATR completed its performance management cycle and will review findings and update its PAAT in FY 2007. DOJ recently selected the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as its second test site. • The Department awarded a contract to develop and implement E-Appraise, an automated SES performance management system. • On April 11, 2006, the Department issued a new Awards Administration Policy. Prior to expending monies on performance awards, DOJ components prepared and submitted awards implementation plans for approval by the Department's HR Director to ensure consistency. • The link between the Human Capital PMA scorecard and the Budget and Performance Integration scorecard for this criterion was eliminated during third quarter 2006.
• Reduced under-representation, particularly in mission-critical occupations and leadership ranks; established processes to sustain diversity;	• The Department's components participated in internal meetings to discuss strategies and best practices to enhance diversity within the Department's workforce. DOJ bureaus and litigating divisions regularly attended conferences and career fairs targeted to under-represented groups and maintained or established agreements with minority serving institutions.
• Meets targets for closing competency gaps in mission critical occupations, and integrates appropriate competitive sourcing and E-Gov solutions into gap closure strategy;	• From March to July 2006, the Department's Personnel Staff administered the 2006 DOJ Skill Gaps Survey to all DOJ managers and supervisors. The survey results will help the Department's components assess and track the occupational competencies needed for leadership positions in human resources, information technology, and mission-critical occupations. Survey results for all DOJ components were shared during the 3rd and 4th Quarters of FY 2006. The Department's components reviewed results; compared results to the 2004 DOJ Skill Gaps Survey results; and have begun to develop strategies to meet competency targets for above referenced positions and occupations.
• Is on track to meet its planned aggressive hiring timeline goals and hiring process improvements;	• The Department is meeting the 45-day hiring decision for 63% of non-SES hires. The Department is also reviewed its hiring systems. Currently, applicants are notified via an automated process or manually. For those DOJ components currently utilizing automation without the ability to electronically notify applicants, DOJ will examine the possibility of adding automated notification capabilities within these hiring systems.
• Periodically conducts accountability reviews with OPM participation, taking corrective action based on findings, results, and providing annual reporting to agency leadership and OPM for review and approval.	• In accordance with the 2002 Chief Human Capital Act, DOJ developed a *Human Capital Accountability Interim Policy and Plan.* The Policy and Plan establishes a clear methodology and multi-year schedule to conduct comprehensive reviews of all DOJ HR functions. Periodically, DOJ will review and refine the Policy and Plan to ensure continual alignment with Department-wide human capital goals; changing DOJ mission; and lessons learned

Criteria	FY 2006 Progress
	from conducting various audits. OPM approved DOJ's Accountability Policy and Plan on September 28, 2006.

PMA 2. Competitive Sourcing

Overall Status as of 9/30/06: Yellow

The President has proposed to increase competition for activities performed by the government as listed on agency FAIR Act inventories. DOJ will use competitive sourcing as a tool for getting departmental commercial-type work done efficiently, considering the full cost of in-house performance.

DOJ will strive to conduct accurate FAIR Act inventories that reflect closer scrutiny of functions performed within the Department to determine those that are commercial in nature. Additionally, as appropriate, the Department will conduct A-76 competitions to achieve economies and enhance productivity.

Criteria	FY 2006 Progress
• Has an OMB approved "green" competition plan to compete commercial activities available for competition;	• The Department's Competitive Sourcing Council has developed a competition plan for FYs 2007 and 2008. This plan was submitted to OMB and includes 1 standard competition and 5 streamlined competitions with more than 10 FTE in each activity.
• Publicly announces standard competitions in accordance with the schedule outlined in the agency "green" competition plan;	• No new standard competitions were announced in FY 2006. The Department's Justice Management Division standard competition of Information Technology functions has progressed on schedule to the "evaluation of offers" stage.
• Since January 2001, has completed at least 10 competitions (no minimum number of positions required per competition) or has completed a sufficient number of large competitions to demonstrate meaningful use of competitive sourcing;	• The FBI, ATF, and BOP all completed streamlined competitions as scheduled. The Department has completed 2 standard competitions and 11 streamlined competitions.
• In the past four fiscal quarters, completed 90% of all standard competitions in a 12-month timeframe or timeframe otherwise approved in accordance with the Circular;	• No standard competitions were scheduled for completion in FY 2006.
• In the past four fiscal quarters, completed 95% of all streamlined competitions in a 90-day timeframe or timeframe otherwise approved in accordance with the Circular;	• In the past four quarters, all 3 streamlined competitions were completed within the time limits.
• In the past year, canceled fewer than 10% of publicly announced standard and streamlined competitions;	• No competitions were cancelled.
• Has OMB reviewed written justifications for categories of commercial activities determined to be unsuitable for competition;	• OMB has reviewed all justifications for activities designated as commercial "A" codes.
• Structures competitions in a manner to encourage participation by both private and public sectors as typically demonstrated by receipt of multiple offers and/or by documented market research, as appropriate;	• The Department structures all competitions to allow for maximum participation by private and public sectors.
• Regularly reviews work performed once competitive sourcing studies are implemented to determine if performance standards in contract or agreement with agency provider are met and takes corrective action when provided services are deficient.	• The Department's component managers monitor performance whether by contract or in-house performance.

PMA 3. Improved Financial Performance   Overall Status as of 9/30/06: Red

Timely and accurate financial reports, combined with key performance information, are critical to improving agency management, program performance, and overall cost effectiveness. It is vital for agencies to have reliable and functionally capable financial and associated performance systems that can provide that critical information. It is equally important that agencies operate with efficient business practices that are compliant with federal financial management and accounting standards. The Department continues to improve its systems and practices in order to provide management and the public with reliable and timely financial management information.

Criteria	FY 2006 Progress
• Receives an unqualified audit opinion on its annual financial statements;	• The Department received an unqualified opinion on its FY 2006 consolidated financial statements. All ten of the Department's components that produce financial statements received unqualified opinions as well.
• Meets financial statement reporting deadlines;	• The Department has met OMB's accelerated November 15th due date for Fiscal Years 2004, 2005, and 2006 consolidated financial statements. For FY 2006, the Department continued to emphasize the importance in meeting year-end requirements including key dates for the FY 2006 audit and critical deadlines for submission of financial data to the Department of the Treasury. Ensuring deadlines would be met required planning and coordination. The Department issued the annual Financial Statements Requirements and Preparation Guide to components, which included a detailed timeline of major events and interim milestones. Other factors included quarterly confirmations of intra-Departmental business activity and preparation of a draft Performance and Accountability Report that was circulated for comments on May 19, 2006.
• Reports in its audited annual financial statements that its systems are in compliance with the Federal Financial Management Improvement Act (FFMIA);	• The Department continues to implement corrective action plans in order to achieve compliance with FFMIA. The implementation of a single accounting system will strengthen internal controls and facilitate decision-making. These efforts represent a singular opportunity to develop Departmentwide business practices and a federally compliant core financial system.
• Has no chronic or significant Anti-Deficiency Act Violations;	• The Department has no Anti-Deficiency Act violations of any kind, nor are any foreseen. Through careful oversight by Departmental management, funds continued to be obligated and disbursed in compliance with appropriations law.
• Has no material auditor-reported internal control weaknesses;	• The Department has corrective action plans in place to remediate internal control weaknesses, which include milestones for tracking and measuring timely compliance and resolution.
• Has no material non-compliance with laws or regulations;	• The Department expects to eliminate all material non-compliances with laws and regulations. The Department has no programs that are susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million. The Department continues to recognize the importance of maintaining adequate internal controls to ensure proper payments, and its commitment to continuous improvement in the overall disbursement management

Criteria	FY 2006 Progress
	process remains very strong. During FY 2006, Prompt Payment training was provided to individuals involved in the payment process.
• Has no material weaknesses or non-conformances reported under Section 2 and Section 4 of the Federal Managers' Financial Integrity Act that impact the agency's internal control over financial reporting or financial systems;	• During FY 2006, the Department continued to perform rigorous oversight and ensured that targeted corrective action plans are in place to further improve the Department's accounting and financial reporting procedures and general controls over information systems supporting financial processes. In addition, the Department continued to make progress and remains resolute in its goal to timely implement a single integrated financial management system across all Departmental components.
• Is implementing a single accounting system agency-wide;	• Progress in FY 2006 regarding the Department's implementation of its Unified Financial Management System included: awarding an Integration and Implementation Services contract to support system deployment (work commenced on project familiarization, analyses of existing business processes, and development of appropriate system implementation plans); awarding an Independent Verification and Validation Services contract; completion of Foundation Build v1.0 Findings and Recommendations; awarding planning task orders for the first two components in the Department's phased-in implementation schedule and planning activities have commenced; and business transformation activities in the areas of Business Process Reengineering and Organizational Change Management.
• Currently produces accurate and timely financial information that is used by management to inform decision-making and drive results in key areas of operations;	• The Department continues to produce and enhance its reporting methodology on certain key information. This key information supports sound decision-making and drives results in key areas of operation. The Department's components are required to perform periodic self assessments in an effort to meet management goals and drive results.
• Is implementing a plan to continuously expand the scope of its routine data use to inform management decision-making in additional areas of operations.	• The Department continues to refine its financial reports, training materials on systems operations, and financial processes to inform management decision-making and enhance current business practices. In addition, the Department facilitates the use of ad-hoc reporting capabilities for its routine data to monitor and track performance. This also assists components in meeting the standard for producing accurate and timely information, as well as utilizing the information in decision-making.

PMA 4. Expanding E-government

Overall Status as of 9/30/06: Yellow

Focusing the application of Information Technology (IT) on improving agency mission performance, enhancing information security, maintaining privacy, reducing duplications and coordinating efforts with other agencies in an integrated manner is vital to the success of this agenda item. The Department of Justice's Office of the Chief Information Officer (OCIO) has made significant progress in implementing the DOJ IT Strategic Plan. Additionally, savings achieved through e-Government solutions will allow the Attorney General to achieve the reallocation of resource in support of anti-terrorism activities.

Criteria	FY 2006 Progress
• Has an Enterprise Architecture linked to the Federal Enterprise Architecture (FEA) with a score of "3" in both the "Completion" and "Use" sections OR at least "3" in the "Results section.	• Achieved "green" on the OMB's 2.0 Assessment Framework in FY 2006 with a score of "3.3" in Completion, "3.6" in Use, and "2.3" in Results.
• Has acceptable business cases for all major systems investments;	• Submitted the Department's FY 2008 business cases to OMB in September 2006. An OMB response concerning the acceptability of the business cases is expected during the first quarter of FY 2007.
• Has demonstrated appropriate planning, execution, and management of major IT investments using Earned Value Management (EVM) or operational analysis, and has portfolio performance within 10% of cost, schedule, and performance goals;	• Completed validations on 12 major DOJ IT projects/programs verifying compliance of IT projects/programs with the ANSI/EIA-748 standard on EVM. • In FY 2006, the DOJ IT portfolio demonstrated performance within 10% of cost, schedule, and performance goals for those IT projects/programs that have been validated for compliance with the ANSI/EIA-748 standard on EVM.
• Inspector General verifies the effectiveness of the Department-wide IT Security Remediation Process and rates the agency certification and accreditation process as "Satisfactory" or better;	• In the Department's FY 2006 Federal Information Security Management Act (FISMA) Report, the Inspector General (IG) found that the Department has a "good" certification and accreditation process that includes adherence to Federal Information Processing Standards (FIPS) and National Institute of Standards Technology (NIST) standards. The IG's assessment reflects the opinion of experienced auditors who have performed IT security control reviews throughout the government and private sector.
• Has 90% of all IT systems properly secured (certified, and accredited);	• As reported in the Department's FY 2006 FISMA Report, the Department Chief Information Officer has ensured 100% of all Department systems are certified and accredited. Known IT security weaknesses associated with IT systems are tracked and managed through plans of actions and milestones to ensure weaknesses are addressed in a timely manner and receive appropriate resources.
• Has implemented all of the appropriate E-Gov/Lines of Business/SmartBuy initiatives and has transitioned and/or shut down investments duplicating these initiatives in accordance with the OMB-approved implementation plan.	• The Department continues to implement E-Gov/Lines of Business/SmartBUY initiatives in accordance with the approved E-Gov plan submitted to OMB during the fourth quarter of FY 2006.

PMA 5. Budget and Performance Integration

Overall Status as of 9/30/06: Green

Beginning with the FY 2004 budget submission, the Administration began formally integrating review of performance with budget decisions seeking to improve the performance and management of the federal government. This initiative seeks to link program performance to budget decisions and improve tracking and management, it is expected that agencies will be able to identify effective outcome measures, monitor their progress, and accurately present the associated costs.

Criteria	FY 2006 Progress
• Senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers all major responsibilities of the Department. Agency achieves planned improvements in program performance and efficiency in achieving results;	• The Department continued its Department-wide Quarterly Status Reporting (QSR) that requires all components to provide financial and performance information. Component meetings took place on a quarterly basis with the Assistant Attorney General for Administration and members of the Deputy Attorney General's staff. The outcomes of all meetings were then shared with the Deputy Attorney General, via memorandum. The results of all quarterly reviews are used to guide Departmental decision making in a variety of programmatic areas and inform leadership when corrective actions may be necessary.
• Strategic plans contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART and focus on the information used in the senior management report described in the first criterion;	• The Department's FY 2003-2008 Strategic Plan contains a four-goal structure that includes specific, long-term measurable outcome goals in key priority areas. In May 2006, the Department began drafting its FY 2007-2012 Strategic Plan. A full review of the existing long-term measurable outcome goals was conducted and the new Plan will include an updated list of goals with targets to FY 2012. Additionally, the Department's budget submissions, as well as QSR documents, include all performance measures identified as a result of the PART process.
• Demonstrates that it has fair, credible, and transparent performance appraisal plans and awards programs for all SES and managers, and more than 60% of the workforce, that adhere to merit system principles (efficient, effective, and compliant); hold supervisors accountable for the performance management of subordinates as reflected in their performance plans and ratings; include employee involvement and feedback; and result in employee ratings that differentiate between various levels of performance and employees getting higher cash awards and/or recognition than those they outperform. The agency is working to include all agency employees under such systems;	• The link between the Human Capital PMA scorecard and the Budget and Performance Integration scorecard for this criterion was eliminated during third quarter 2006.
• Reports the full cost of achieving performance goals accurately in budget and performance documents and can accurately estimate the marginal cost of changing performance goals;	• The Department continues to report the full and marginal cost of achieving performance goals within its annual budget and performance documents.
• Has at least one efficiency measure for all PARTed programs;	• The Department has OMB-approved efficiency measures for 100% of its 35 programs assessed by the PART.
• Uses PART evaluations to direct program improvements, and PART ratings and performance information are used consistently to justify funding requests, management actions, and legislative proposals. Less than 10% of the agency programs	• The Department uses the results of our PART reviews to improve our programs and aid in the refinement of long-term measurable outcome goals, where appropriate. In FY 2006, PART follow-up actions were discussed on a quarterly basis during QSR meetings with components

Criteria	FY 2006 Progress
receive a Results Not Demonstrated rating for more than two years in a row.	and leadership. Additionally, Justice Management Division, Budget Staff continues to work with the components and OMB to assess if programs previously receiving assessments of "results not demonstrated" should be reassessed. The Department is currently below the 10% threshold.

Faith-Based and Community Initiative

Overall Status as of 9/30/06: Green

President Bush's Management Agenda seeks to reform federal management and improve program performance through the development of a coordinated strategy. In addition to the five strategies outlined above, the Department is also responsible for the Faith-Based and Community Initiative. Under this initiative, the Department of Justice, in addition to the Departments of Education, Health and Human Services, Housing and Urban Development, and Labor will work to identify and eliminate unwarranted regulatory barriers that exist in providing Faith-Based and Community-Based programs with access to federal programs. Justice is working to provide coordinated training and technical assistance to Faith-Based and Community-Based organizations looking to apply for grant funding.

Criteria	FY 2006 Progress
• Has implemented a comprehensive outreach and technical assistance strategy for enhancing opportunities of faith-based and community organizations (FBCO) to compete for federal funding, including working with state and local officials to expand access to federal funding awarded through them. This strategy employs 12 of 15 best practices;	• The Department continues to provide technical assistance to Faith-Based and other Community Organizations (FBCOs) through a task force Web site, email notification service, and tailored advice in person and by telephone. The Department hosted two free regional technical assistance conferences to help FBCOs navigate the federal grant application process. The Department also provided such assistance at nine White House conferences.
• Regularly monitors compliance with the equal treatment regulations at the State and local levels, promptly addresses violations once they are detected, and has a process in place to ensure that compliance information is use to inform future funding. Compliance monitoring activities include 10 of 13 best practices;	• At nine briefings preceding each White House conference, and at three regional conferences, the Department educated State and local officials who administer federal formula and block grant funding regarding how they should fulfill their duty to treat FBCOs equally in grant application and administration. The Department also educates departmental staff and grantees about equal treatment regulations.
• Collects accurate and timely data on participation of FBCO and other applicants, including government entities, in selected federal non-formula grant programs and is working to expand data collection efforts to formula grant programs and make them a routine part of program administration. Programs are working to make this information accessible to the public;	• The Department continues to collect accurate and timely data on discretionary program applicants and grantees (including whether they are first-time federal grantees) and is expanding collection of data on formula grant program sub-grantees. All data is prepared at the request of and submitted to the White House Office of Faith-Based and Community Initiatives. All grantees are listed on OJP's website.
• Implements pilot programs to strengthen the partnership between FBCO and the federal government to deliver services and inform implementation of the Initiative, and expands the use of pilots to test new strategies when appropriate;	• The Department has launched and maintains numerous pilot programs open to FBCOs, including: faith-based residential units in federal prisons and in a State juvenile facility; projects to train clergy and communities in helping victims of domestic violence and elder fraud, respectively; "Family Justice Centers" that provide comprehensive services for victims of domestic violence and sexual assault; and programs to train and provide sub-grants to small FBCOs working with crime victims.
• Undertakes outcome-based evaluations of its pilot programs where FBCO participate, provides quarterly progress reports and interim results to the White House Office of Faith-Based and Community Initiatives throughout the life of the program, and builds an evaluation component into new pilots. Incorporated FBCO component into broader program evaluations when appropriate.	• All current Departmental pilots include an evaluation component, each typically the subject of separate competitive solicitation and providing for progress reports at least semi-annually. The Department will build an evaluation component into future pilots.

Real Property Asset Management

Overall Status as of 9/30/06: Yelllow

The federal government owns hundreds of billions of dollars in real property assets. President Bush's Management Agenda Real Property Asset Management initiative seeks to take a full inventory of how many assets used to support agency missions across government are being used efficiently. The initiative seeks to establish a Senior Real Property Officer, establish a Real Property Council, and reform the authorities for managing federal real property. These steps aim to establish an increased level of accountability within the Department of Justice and across the federal government.

Criteria	FY 2006 Progress
• Has a Senior Real Property Officer (SRPO) who actively serves on the Federal Real Property Council (FRPC);	• The Department has an assigned Senior Real Property Officer that actively participates as a member of the FRPC.
• Established asset management performance measures, consistent with the published requirements of the Federal Real Property Council;	• Department-wide and Bureau-level targets and goals for the FRPC performance measures have been established.
• Completed and maintained a comprehensive inventory and profile of agency real property, consistent with the published requirements of the Federal Real Property Council;	• The Department established a common system database in which to capture the 23 required FRPC data elements for all Bureau real property inventory at the constructed asset level.
• Provided timely and accurate information for inclusion into the government-wide real property inventory database;	• The Department successfully reported the FY 2005 real property inventory data into the Federal Real Property Profile (FRPP).
• Developed an OMB-approved comprehensive asset management plan that: complies with guidance established by the FRPC; includes policies and methodologies for maintaining property holdings in an amount and type according to agency budget and mission; seeks to optimize level of real property operating, maintenance, and security costs;	• A Department-wide Asset Management Plan (AMP) that also included individual Bureau AMPs was developed and approved by OMB.
• Established an OMB-approved three-year rolling timeline with date certain deadlines by which agency will address opportunities and determine its priorities as identified in the asset management plan;	• The 3-year rolling timeline and supporting narrative document was finalized incorporating OMB's comments and submitted to OMB for approval on November 1, 2006.
• Demonstrated steps taken toward implementation of asset management plan as stated in yellow standards (including meeting established deadlines in three-year timeline, meeting prioritized management improvement actions, maintaining appropriate amount of holdings, and estimating and optimizing cost levels);	• This criterion will be accomplished in FY 2007.
• Accurate and current asset inventory information and asset maximization performance measures are used routinely in management decision-making (such as reducing the amount of unneeded and underused properties);	• This criterion will be accomplished in FY 2007.
• The management of agency property assets is consistent with the agency's overall strategic plan, the agency asset management plan, and the performance measures established by the Federal Real Property Council as stated in the Federal Real Property Asset Management Executive Order.	• This criterion will be accomplished in FY 2007.

PART

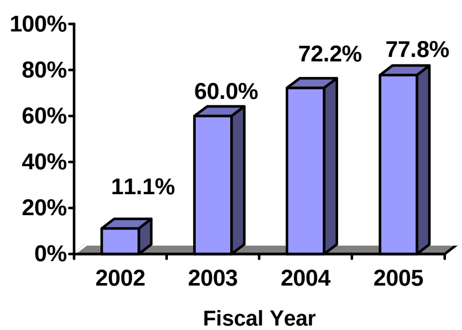
OMB's Program Assessment Rating Tool

Beginning in 2002, the OMB implemented an analytic assessment of federal programs through the use of the Program Assessment Rating Tool (PART). This management tool examines and identifies the effectiveness of programs and helps inform management actions, budget requests, and legislative proposals. The PART also serves as a means to show improvements over time, as well as evaluate programs in the four following areas: purpose and design, strategic planning, program management, and results and accountability.

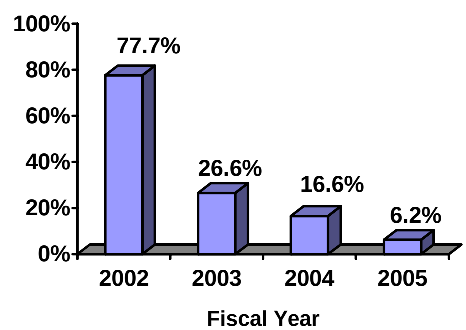
The Department uses the results of these assessments to continue its efforts of improving programs and processes, and aid in the refinement of our long-term measurable performance goals. Throughout FY 2006, components reported the current status of follow-up actions stemming from the PART process through the Department's Quarterly Status Reporting (QSR) system. In addition to providing routine, reliable financial and performance information, the QSR provides the components a chance to engage leadership in a dialogue regarding the progress and status of PART follow-up actions. These actions demonstrate the Department's clear commitment to making programmatic improvements and holding managers accountable for the long-term outcomes of these assessments.

The Department continues to make improvements to its programs, which is reflected in the increase of average PART scores from 45 percent in FY 2002 to 68 percent in FY 2005. Similarly, respectable ratings of Adequate, Moderately Effective, and Effective have increased from 11.1 percent in FY 2002 to 77.8 percent in FY 2005. At the same time, ratings of "Results not Demonstrated" have declined – from 77.7 percent in FY 2002 to 6.2 percent in FY 2005 – with the Department making improvements to programs that had previously received such scores and continuing its efforts to limit that rating in the future.

Percentage of PARTed Programs Rated Adequate or Higher (Cumulative Ratings)*



Percentage PARTed Programs Rated Results Not Demonstrated (Cumulative Ratings)*^



*The FY 2006 PART assessments have already taken place; however, OMB will not release the Department's final scores for these assessments until the issuance of the FY 2008 President's Budget in February 2007.
^The data for this chart are calculated using the Annual Budget authority (dollars) for each program rated Results not Demonstrated divided by total Annual Budget authority for all PARTed programs for each individual FY.

During FY 2006, the Department completed the fifth and final round of PART assessments in the initial five-year cycle (FY 2002-2006). Eight programs were reviewed for the first time and one program underwent a re-assessment. Ratings for these nine assessments will be discussed in the FY 2008 President's Budget. To date, OMB has assessed 35 of the Department's programs, six of which have been reassessed, representing 100 percent of the Department's non-administrative/enabling annual budget authority.

The PART assessments have led to the development of efficiency measures that track how programs make best use of resources – time, effort, and money – and capture improvements in program outcomes for a specific level of resource usage. To date, the Department has developed 56 efficiency measures spanning across each of the Department's strategic goals. In FY 2006, the Department provided OMB with a status report (Efficiency Measure Report) on all of its measures and noted some of the challenges in developing meaningful efficiency measures in the federal law enforcement area. For example, many of the Department's existing efficiency measures report on time savings and do not produce savings that can be totaled and provided back to the Department of Treasury or applied to other mission areas. During FY 2006, the Department was an active member of OMB's Efficiency Measure Working Group in an effort to improve the existing efficiency measure guidance and establish a government-wide list of meaningful efficiency measures. Looking forward, the Department will continue to improve its existing measures and continue to offer suggestions to make the requirement more meaningful for law enforcement programs.

The table shown below lists the programs assessed through OMB's PART process, as well as the component managing the program, the year the program was assessed, and its final rating.

Program	Component	Year Assessed	Final Rating
Community Oriented Policing Services	Community Oriented Policing Services	2002	Results Not Demonstrated
Drug Courts	Office of Justice Programs	2002	Results Not Demonstrated
Juvenile Accountability Block Grant	Office of Justice Programs	2002	Ineffective
Residential Substance Abuse Treatment	Office of Justice Programs	2002	Results Not Demonstrated
Firearms Programs – Integrated Violence	Alcohol, Tobacco, Firearms and Explosives	2003	Moderately Effective
Prison Operations	Bureau of Prisons	2003	Moderately Effective
Drug Enforcement Administration	Drug Enforcement Administration	2003	Adequate
Cybercrime	Federal Bureau of Investigation	2003	Adequate
White Collar Crime	Federal Bureau of Investigation	2003	Adequate
National Criminal History Improvement	Office of Justice Programs	2003	Moderately Effective
State Criminal Alien Assistance	Office of Justice Programs	2003	Results Not Demonstrated
Apprehension of Fugitives	U.S. Marshals Service	2003	Adequate
Protection of the Judicial Process	U.S. Marshals Service	2003	Adequate
Arson and Explosives	Alcohol, Tobacco, Firearms and Explosives	2004	Moderately Effective
United States Attorneys	Executive Office of U.S. Attorneys	2004	Adequate
Criminal Justice Services	Federal Bureau of Investigation	2004	Moderately Effective
Weed and Seed	Office of Justice Programs	2004	Adequate
General Legal Activities	Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, and Tax Divisions	2005	Effective
Prison Construction	Bureau of Prisons	2005	Adequate
Vaccine Injury Compensation	Civil Division	2005	Adequate
Counterintelligence	Federal Bureau of Investigation	2005	Moderately Effective
Counterterrorism	Federal Bureau of Investigation	2005	Adequate
Bureau of Justice Statistics	Office of Justice Programs	2005	Effective
Multipurpose Law Enforcement Grant	Office of Justice Programs	2005	Results Not Demonstrated
National Institute of Justice	Office of Justice Programs	2005	Adequate
United States Trustee	U.S. Trustee Program	2005	Effective
Radiation Exposure Compensation	Civil Division	2006	TBD*
Immigration Adjudication	Executive Office for Immigration Review	2006	TBD*
Crime Victims'	Office of Justice Programs	2006	TBD*
Criminal Enterprises	Federal Bureau of Investigation	2006	TBD*
Intelligence	Federal Bureau of Investigation	2006	TBD*
Juvenile Justice	Office of Justice Programs	2006	TBD*
Federal Detention Activities	Office of the Federal Detention Trustee	2006	TBD*
Violence Against Women	Office on Violence Against Women	2006	TBD*
Justice Prisoner and Alien Transportation System	U.S. Marshals Service	2006	TBD*

*The FY 2006 PART assessments are complete; however, OMB will not release the Department's final scores for these assessments until the issuance of the FY 2008 President's Budget in February 2007.

OIG **Top Management and Performance Challenges in the Department of Justice**

MEMORANDUM FOR THE ATTORNEY GENERAL
THE DEPUTY ATTORNEY GENERAL

FROM: GLENN A. FINE
INSPECTOR GENERAL

SUBJECT: Top Management and Performance Challenges

Attached to this memorandum is the Office of the Inspector General's (OIG) 2006 list of top management and performance challenges facing the Department of Justice (Department). We have prepared similar lists since 1998, initially in response to Congressional requests. By statute, this list is now required to be included in the Department's annual Performance and Accountability Report.

The challenges are not presented in order of priority – we believe that all are critical issues facing the Department. However, it is clear that the top challenge facing the Department is its ongoing response to the threat of terrorism. Several other top challenges are closely related to and impact directly on the Department's counterterrorism efforts.

The OIG added three new challenges to this year's list – "Violent Crime," "Cybercrime," and "Civil Rights and Civil Liberties." In addition, we removed "Department and FBI Intelligence-Related Reorganizations" and "Judicial Security" from the 2005 list, and combined the challenge of "Information Technology Security" with "Information Technology Systems Planning and Implementation."

We hope that this document will assist Department managers in developing strategies to address the top management and performance challenges facing the Department. We look forward to continuing to work with the Department to address these important issues.

Attachment

1. Counterterrorism: The most critical challenge the Department of Justice (Department) continues to face is the ongoing effort to deter and disrupt acts of terrorism. This has been the Department's highest priority since the terrorist attacks of September 11, 2001. Five years later, the Department has substantially enhanced its counterterrorism capabilities, but its counterterrorism efforts still remain a top challenge in need of continued improvement.

The most significant changes in the Department's counterterrorism efforts during the past 5 years involve the Federal Bureau of Investigation's (FBI) transformation into a more proactive, intelligence-driven agency dedicated to preventing acts of terrorism rather than primarily a law enforcement agency focused on investigating crimes after they have occurred. In its most recent reorganization, announced in July 2006, the FBI created an organizational structure of five branches that reflects its new counterterrorism priority: National Security, Criminal Investigations, Science and Technology, Office of the Chief Information Officer, and Human Resources. The National Security Branch consists of the FBI's Counterterrorism and Counterintelligence Divisions, Directorate of Intelligence, and Weapons of Mass Destruction Directorate.

Since the September 11 attacks, the FBI led the effort to create the Terrorist Screening Center (TSC), a multi-agency effort designed to consolidate information on domestic and international terrorists and provide 24-hour, 7-day a week responses for screening individuals against the consolidated terrorist watch list. Prior to establishment of the TSC, the federal government relied on more than a dozen separate watch lists maintained by a variety of federal agencies to search for terrorist-related information about individuals who, for example, apply for a visa, attempt to enter the United States through a port of entry, attempt to travel internationally on a commercial airline, or are stopped by a local law enforcement officer for a traffic violation.

In addition, in 2005 the FBI created a Directorate of Intelligence to manage its expanded intelligence program. As part of that effort, the FBI has increased the size of its analytical corps from 1,023 analysts in October 2001 to 2,161 analysts in September 2006 – a net increase of 1,138 intelligence analysts or 111 percent – and the FBI has placed intelligence analysts in each of its 56 domestic field offices.

As we discuss in more detail in the challenge relating to violent crime, after the September 11 attacks the FBI reallocated significant agent and analyst resources from traditional criminal investigations, such as drug trafficking, health care fraud, and financial crimes, to counterterrorism and counterintelligence matters. These shifts present management challenges not only for the FBI, which continues to have responsibility for traditional criminal matters, but also for other federal, state, and local law enforcement organizations affected by the FBI's reduced involvement in certain criminal investigations. For example, an Office of the Inspector General (OIG) review of the effects of the FBI's reallocation of resources found that the FBI opened 28,331 fewer criminal cases in fiscal year (FY) 2004 than it had in FY 2000, a 45-percent reduction. Each of the FBI's criminal programs experienced fewer case openings during this period, including a 47-percent reduction in Violent Crimes and a 40-percent reduction in Financial Crimes. The FBI's greatest reduction occurred in drug-related investigations, with 70 percent fewer drug cases opened during this 5-year period.

The Department has also recently restructured itself to improve its counterterrorism capabilities. The Department created a National Security Division that brings together the Office of Intelligence and Policy Review (OIPR) and the Counterterrorism and Counterespionage sections formerly part of the Criminal Division. The Department expects this new National Security Division to serve as the principal point of contact with the Office of the Director of National Intelligence (DNI), the Central Intelligence Agency, the Department of Defense, and other components of the intelligence community. Creation of the Department's new National Security Division and the FBI's National Security Branch also implements key recommendations of the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission), which recommended greater coordination of intelligence-gathering activities within the Intelligence Community under the DNI.

The Department's new national security elements requires implementing new reporting structures and developing new relationships with other federal, state, and local agencies. Accomplishing these tasks effectively and efficiently presents a critical ongoing challenge for the Department.

Another continuing challenge for the Department, and in particular the FBI, with respect to its counterterrorism effort is to support and integrate to a greater degree non-agent or non-lawyer staff with technical skills. For example, OIG reviews had found that, until recently, the FBI did not adequately value the contributions of its intelligence analysts. Historically, the FBI's general view was that special agents performed the key work of the agency, and intelligence analysts were used primarily as support personnel to assist the agents with their cases. Many special agents appeared not to understand or value the role of intelligence analysts, resulting in poor utilization of analysts. While the FBI is attempting to change this attitude, we believe it still exists in parts of the FBI. We believe the FBI needs to do more to support the work of its intelligence analysts – and other non-agent staff such as scientists and linguists – who are critical to meeting the FBI's changing mission.

As we have discussed in past years, the effectiveness of the FBI – and in particular the FBI's leadership in various areas including counterterrorism – has also suffered because of a lack of continuity due to frequent turnover among all levels of management. For example, the FBI's Counterterrorism Division has had seven leaders in the past 5 years. In addition, the FBI has suffered from rapid turnover in FBI field office managers. This turnover in many key positions has hindered the FBI's ability to transform itself in many areas, including counterterrorism.

In addition, many reviews by the OIG and others have found that the FBI's counterterrorism and intelligence-gathering efforts have been hampered because of difficulties in modernizing its information technology (IT) systems. Although the FBI recently has made progress in improving its management of IT upgrades (which we discuss under the challenge relating to IT systems implementation), agents and analysts will not benefit from a fully functional case management system for several more years.

The OIG has conducted other reviews of aspects of the Department's activities that relate to its counterterrorism challenges. For example, during the past year we reviewed the FBI's efforts to protect the nation's seaports, the FBI's progress toward achieving biometric interoperability between its fingerprint systems and the system used by the Department of Homeland Security, and the use of Intelligence Research Analysts by United States Attorneys' offices. While each of these reviews found that some positive steps were being taken, each also found problems that illustrate the difficulty the Department faces as it continues to transform itself to better meet the challenge of combating terrorism.

Similarly, a March 2006 OIG audit of the FBI's efforts to protect U.S. seaports from terrorism found that while the FBI has taken steps to enhance its capability to identify, prevent, and respond to terrorist attacks at seaports, important deficiencies remain. We found that the FBI did not always allocate the agents who are responsible for maritime security according to the threat and risk of a terrorist attack on a given seaport. For example, one FBI field office with six significant seaports in its territory had only one Maritime Liaison Agent while another FBI field office with no strategic seaports had five Maritime Liaison Agents. We also noted a lack of coordination between FBI and the Coast Guard that could hinder the two agencies' ability to coordinate an effective response to a terrorist threat or incident in the maritime domain. In addition, the interim Maritime Operational Threat Response (MOTR) plan issued in September 2005 to establish protocols for agencies in responding to terrorist threats in the maritime domain did not resolve issues of overlapping jurisdiction and responsibilities between the FBI and the Coast Guard.

Since we issued our seaports audit, the FBI has informed us that the MOTR has been revised to clarify the roles of the FBI and the Coast Guard in the event of a terrorist attack in the maritime domain or at a seaport. Under the revised protocols, the FBI will be responsible for leading all maritime-related terrorist investigations and for all intelligence collection in the United States. In addition, since issuance of the OIG's report the FBI, Coast Guard, and other MOTR agencies have conducted five national-level joint maritime exercises simulating the new command and control roles established in the new MOTR. These and other actions are important steps towards resolving the coordination issues between the two agencies. However, the FBI still does not assign its agents to protect seaports in a coordinated way, leaving such assignments to the discretion of individual field offices.

In sum, the Department's counterterrorism efforts remain a work in progress. Among the key issues requiring continued attention are allocation of resources based on the threat and risk of terrorist attack; communication and coordination within and among Department components and with other federal, state, and local law enforcement agencies; development of reliable and secure IT systems to facilitate information gathering, sharing, and analysis; human capital planning to provide for hiring, training, and retention of skilled personnel; stability within the management ranks of Department components; and use of the significant investigative and intelligence-gathering tools while respecting civil rights and civil liberties. Many of these issues are discussed in greater detail in the challenges that follow.

2. Sharing of Intelligence and Law Enforcement Information: The Department continues to make progress in improving its sharing of law enforcement and intelligence information with federal, state, and local officials. The ability to share such information timely and effectively is critical to the Department's success in preventing acts of terrorism and violent crime. However, ongoing efforts throughout the Department to upgrade IT systems remain a key factor in the Department's ability to more fully meet this challenge.

Since the September 11 attacks, the FBI has increased the number and frequency of its written and oral communications about terrorism with all levels of the law enforcement and intelligence communities while almost tripling its formal collaborative investigative efforts related to terrorism. For example, in the last 5 years the number of Joint Terrorism Task Forces (JTTFs) has grown from 35 to 101. These multi-agency teams, composed of staff from the FBI, local police and sheriffs' offices, and officials from more than 20 federal law enforcement agencies, investigate terrorism cases within the United States. In addition, members of the Intelligence Community and federal, state, and local participants on the FBI's National Joint Terrorism Task Force – which serves as a liaison for information on threats and leads from FBI Headquarters to the local JTTFs and participating agencies – have access to FBI databases and share access to their organizations' databases in counterterrorism investigations.

The FBI also has taken action in areas where its initial information-sharing efforts have been deficient. For example, our March 2006 report on the FBI's project to develop its new automated case management system, Sentinel, found that the FBI had not taken adequate steps to ensure that Sentinel would allow sharing of information between the FBI and other intelligence and law enforcement agencies. In addition, we were concerned that Sentinel would not provide a common framework for other agencies' case management systems as initially intended. We recommended that the FBI discuss with other intelligence community and law enforcement agencies their information-sharing requirements to ensure compatibility with those systems in the requirements and design of Sentinel.

In our current review of the Sentinel project, we found that since the March 2006 audit the FBI has focused more attention on external information sharing needs, coordinating its requirements for Sentinel with the requirements of other Department agencies, the Department of Homeland Security (DHS), and other federal entities, including the Office of the Director of National Intelligence. In addition, Sentinel is being built to meet the standards of the new National Information Exchange Model, a joint Department of Justice/Department of Homeland Security standard that has become the government-wide standard for any new law enforcement and intelligence systems being developed. Adoption of the new standard by other agencies is expected to facilitate government-wide information sharing.

With respect to sharing other types of important information, the FBI moved forward this past year in sharing fingerprint information with the DHS. The FBI and the former Immigration and Naturalization Service, now part of the DHS, originally developed separate, incompatible automated fingerprint systems in the early 1990s. The FBI's Integrated Automated Fingerprint Identification System (IAFIS) is based on 10 rolled fingerprints, while the DHS's Automated Biometric Identification System (IDENT) system uses 2 flat fingerprints. In May 2005, the agencies resolved the impasse between the differing fingerprint collection requirements that had stalled interoperability efforts when the DHS agreed to modernize IDENT and convert US-VISIT – its entry/exit and border security system – from a 2- to a 10-fingerprint system.

An OIG report issued in July 2006, the sixth report issued by the OIG on this topic, noted that the FBI and the DHS are in the first phase of a three-phase plan to make IDENT fully interoperable with IAFIS by December 2009. According to the FBI, on September 3, 2006, the FBI and the DHS implemented the first phase of the interoperability plan by deploying a link between the two agencies' systems that will allow the exchange of copies of key immigration and law enforcement data. Yet, despite these improvements, the FBI will continue to face higher than warranted risks that criminal aliens or terrorists will enter the United States undetected until a fully interoperable system is achieved in 2009. To address this challenge, the FBI has taken interim steps to mitigate this risk, which include transmitting "Known or Suspected Terrorists" records to the DHS on a daily basis, improving the availability of IAFIS to other users, and reducing the response time to DHS requests for checks of aliens' fingerprints.

Other aspects of the Department's counterterrorism efforts highlight the need for greater consistency in information sharing. For example, an OIG review examining the use of intelligence research specialists in United States Attorneys' Offices (USAO) to coordinate antiterrorism activities, analyze the relevance and reliability of threat information, investigative leads, and ensure that cases with terrorism connections are identified for prosecution. While we found that individually the specialists made valuable contributions to the USAOs' antiterrorism efforts, we determined that the specialists' overall effectiveness could be increased through improved coordination and guidance. For example, analytical products developed by the specialists were not consistently shared or widely disseminated within the Department. In response to the OIG report, a Department working group is developing standard requirements for analytical work and corresponding quality review of intelligence research products.

The Department's efforts to upgrade and secure information in its IT systems remains a key factor in its ability to more fully meet this information-sharing challenge. The IT and computer security challenges are addressed more fully elsewhere in this document.

In sum, the Department continues to make progress in improving its ability to share more law enforcement and intelligence information both within the Department and with other federal, state, and local law enforcement agencies through improved IT and more effective use of joint task forces. Nevertheless, the Department still faces significant challenges to ensure the timely, effective, and secure sharing of vital intelligence and law enforcement information.

3. Information Technology Systems Planning, Implementation, and Security: The Department made important strides this past year in its efforts to upgrade critical IT systems in a timely and cost-effective manner. In the past, widespread and deeply rooted problems, ranging from a lack of critical managerial processes to mismanagement of individual systems, have hobbled attempts by the Department to upgrade some IT systems, particularly the FBI's case management system, and provide employees with the tools needed to maximize their effectiveness.

During the past year, the Department has attempted to more effectively meet this challenge by monitoring the progress of major IT projects through an executive board called the Department Investment Review Board (DIRB). Chaired by the Deputy Attorney General, the DIRB provides high-level oversight as part of the Department's Information Technology Investment Management (ITIM) process. The DIRB's mission is to monitor the Department's major IT investments and ensure they are aligned with the Department's mission.

Improvements in IT management will be sustained only if top Department officials and senior managers in each component maintain a focus on strengthening the general processes associated with IT and the management of mission-critical IT systems.

In the past, the OIG has found that the Department lacked the ability to track the cost of its major IT systems, and more fundamentally exercised little direct control over components' IT projects. Historically, Department components have resisted any form of centralized control over major IT projects, and the Department's Chief Information Office (CIO) does not have direct operational control of component IT management. We believe the Department should consider providing increased control to the CIO for certain high-risk functions and for individual components experiencing difficulty with particular IT systems. These high-risk functions may include hiring for critical positions, completion of system requirements, and oversight of contract administration.

Notwithstanding these concerns, we found that several components made positive strides during the past year to improve their IT management practices. For example, the Drug Enforcement Administration (DEA) has done well in developing its Enterprise Architecture and ITIM processes. Having a mature Enterprise Architecture enables the DEA to make better management decisions on how individual IT projects fit into the agency's overall IT architecture. In addition, well developed ITIM practices better position the DEA to ensure that the development, design, and implementation of its IT projects are performed within cost and schedule baselines.

One of the components that appears to be learning from its past problems is the FBI. Based on a variety of recent reviews, we believe the FBI is making better progress in developing the modern IT systems needed to perform its mission and provide its employees with the ability to effectively analyze, share, and act on the vast amount of information it collects. After a false start with the Virtual Case File (VCF) that cost the FBI 3 years of development time and $170 million, the FBI's effort to replace its antiquated Automated Case Management (ACS) system with a modern case management system is taking shape.

During the past year the FBI instituted better IT investment management processes and controls through its Life Cycle Management Directive. Continuity in the Chief Information Officer position and project management staff – a huge problem in the VCF project – also has stabilized. In addition, the FBI's IT activities have been centralized under the FBI CIO, who now controls IT spending.

With respect to the challenge of successfully implementing the Sentinel project, the FBI's planned $425 million, 45-month project intended to move the FBI away from paper-based records to an electronic case management system, the OIG has found that the FBI is taking important steps to avoid the types of problems that plagued the VCF project. In particular, the FBI has made significant improvements in its ability to manage a major IT project by establishing ITIM processes, developing a more mature Enterprise Architecture, and establishing a Program Management Office (PMO) dedicated to overseeing the Sentinel project.

In March 2006, the FBI awarded Lockheed Martin Systems a $57 million task order for Phase 1 of Sentinel, with options for an additional $248 million for three additional phases that include the operation and maintenance of the system. Over the next 4 years, Lockheed Martin will be responsible for designing, developing, integrating, testing, deploying, operating, and maintaining Sentinel, which primarily will be based on commercial-off-the-shelf software. Lockheed Martin is performing this work under a cost-plus-award-fee arrangement, similar to the contract used during the Trilogy project. However, we are finding that the FBI is providing much greater control and oversight for Sentinel compared to the weak project management practices evident with Trilogy.

Our preliminary findings in the second Sentinel audit indicate that the FBI has made progress toward resolving most of our initial concerns about planning for the project. However, some concerns, such as the full staffing of the Sentinel PMO, have not yet been fully addressed. Moreover, our current audit has identified additional issues that we believe the FBI must resolve in order to avoid serious problems as the Sentinel project continues through its first phase of development and enters its more challenging and higher-risk second phase in early 2007. These issues include uncertainty over risk mitigation, contingency planning, and total project costs.

In addition to developing and implementing its IT systems in a cost-effective and timely manner, the Department also faces the challenge of convincing Congress that the more than $2 billion it appropriates annually for the Department's IT systems is being spent properly. To assist in this evaluation, in the Department's FY 2006 Appropriations Conference Report Congress directed the OIG to compile an inventory of major Department IT systems and report on research, plans, studies, and evaluations that the Department has produced, or is in the process of producing, concerning its information systems. In March 2006 the OIG completed the first of three planned reports: an unaudited report of the Department's major IT system investments by investment title and component, investment description, implementation status, and actual and projected costs.

The OIG's second report will provide an audited verification of the information detailed in the unaudited report and will discuss the limitations of the Department's financial accounting systems to verify IT system costs. The third OIG report will document existing studies, plans, and evaluations for the Department's major IT systems, comparing these documents to the standards contained in Departmental policy for IT investments. This report also will include an analysis of problems the Department has experienced in the formulation of its IT plans.

Another IT imperative for the Department, made clear in the response to the September 11 terrorist attacks, is the need to develop interoperable IT and communications equipment to aid first responders, law enforcement, and intelligence agencies. To examine the Department's law enforcement communications capabilities, the OIG is auditing a wireless communications system called the Integrated Wireless Network (IWN), a joint project involving the Departments of Justice, Homeland Security, and Treasury that will support federal law enforcement and homeland security operations throughout the United States.

The Department's current wireless capabilities do not provide law enforcement officers and agents with the support they need because of a 15- to 20-year-old communications systems infrastructure that results in degraded coverage, reliability, and usability. Further, antiquated, stove-piped, land mobile radio systems provide only limited federal-to-federal and federal-to-state and local interoperability. The Department is relying on the proposed IWN project to address these problems. Our report will examine the status of the project and assess whether the Department has accomplished the goals needed to achieve interoperability and cost and spectrum efficiency.

As the Department develops new IT systems, it also must ensure the security of those systems and the information they contain. In addition, the Department must balance the need to share intelligence and law enforcement information with the need to ensure that such information is handled appropriately and that any sharing meets security standards.

Since 2001, the OIG has conducted multiple IT security audits in the Department in response to the Federal Information Security Management Act (formerly the Government Information Security Reform Act). We have noted some improvement in the Department's information security, but we have also continued to identify weaknesses within the Department's management, operational, and technical controls for its sensitive but unclassified and classified systems and deficiencies in the Department's oversight program and related management controls. We found that components were not being held accountable for completing documentation and testing systems, and that stronger monitoring of the Department's certification and accreditation process would have identified and corrected many of the reported system weaknesses. The OIG has recommended that the Department strengthen the roles and responsibilities of the CIO, perform additional testing of systems and security policies, expand the automation of system vulnerability tracking, and conduct additional system security training.

In response to our findings, the Department has made improvements in its oversight of IT security. For example, the CIO and the components are testing the Department's systems more frequently using automated software to track potential system vulnerabilities. In addition, the Department is performing annual IT security awareness training for employees and contractors.

The Department's general controls environment, which represents the structure, policies, and procedures necessary to ensure the secure operation of the Department's information systems, is reviewed during the annual financial statement audits. For FY 2006, a material weakness was issued on the Department's and components' financial systems general and application controls. While the application controls reviews focus primarily on financial management systems, the general controls reviews focus on policies and procedures that apply to all of the Department's information systems. Improvements are still needed in the areas of access controls, system software, application software development and change controls, entity-wide security, segregation of duties, and service continuity. To correct this long-standing material weakness, we believe the Department needs to improve its monitoring of identified IT weaknesses to ensure that timely corrective actions are performed.

Moreover, several recent incidents in other federal agencies have highlighted vulnerabilities in government safeguards over personal identifying and other sensitive information. Losses of sensitive information at the Departments of Veteran's Affairs and Transportation have highlighted the risk that sensitive data can be compromised if computers or storage media are lost or stolen. Limiting the damage caused by such information losses depends heavily on immediate detection and reporting.

In July 2006, the Office of Management and Budget (OMB) revised the US-CERT reporting procedure to require federal agencies to report all incidents involving personally identifiable information to US-CERT within one hour of discovering the incident. The Department has implemented a reporting system in which equipment losses or data compromises are reported centrally to the DOJ-CERT. Notwithstanding this reporting system, it is not clear what procedures the components follow internally when responding to data breaches or losses. A significant challenge many Department components face is the ability to identify the specific information contained on lost or stolen laptop computers and other IT equipment. Consequently, the OIG recently initiated a review to document the processes and requirements that major Department components follow to report losses of sensitive information, including personal identifying information, the process for tracking personal identifying information contained on electronic media, and the process for notifying affected individuals when personal identifying information is compromised.

In sum, the upgrading of IT systems currently ongoing in several Department components creates major challenges for the Department in securing and safeguarding the sensitive information contained on those systems.

4. Violent Crime: As noted above, after the September 11 terrorist attacks, the Department reordered its priorities and elevated preventing future terrorist acts as its top priority. During the ensuing 5 years, the FBI's transformation not only has involved hiring hundreds of new employees, but also shifting agents, analysts, and other resources from traditional criminal investigations to counterterrorism and counterintelligence activities. As a result, as our review assessing the results of the FBI's reallocation of resources found, the Department is investigating and prosecuting significantly fewer traditional criminal matters than it did prior to September 11, 2001.

During the same period, the Department has allocated less money to state and local governments for crime prevention. For example, the total program funding for the Office of Community Oriented Policing Services (COPS) has decreased from $1.1 billion in FY 2002 to $478 million in FY 2006.

Yet, the prevention and prosecution of violent crime remains a critical challenge for the Department, particularly when initial indications during this last year suggest that the decline in violent crime may be ending. For example, the latest Uniform Crime Report from the FBI that tracks crime trends across the United States shows a 2.3 percent rise in arrests for violent crime in 2005 compared to the previous year. For 2005, robbery offenses showed the biggest rise, increasing by 3.9 percent compared to the 2004 figure. Aggravated assault increased by 1.8 percent in 2005, and murder by 3.4 percent. Forcible rape was the only category of violent crime to decline compared to 2004 figures, decreasing by 1.2 percent in 2005.

However, it is important to note that while the 2005 arrest statistics reflect an overall increase in violent crime from the previous year, over a 5-year period the Uniform Crime Report shows a 3.4 percent decrease in violent crime (comparing 2001 rates with 2005 rates) and a 17.6 percent decrease in violent crime over the past 10 years (1996 compared with 2005).

In addition, a second barometer of national crime rates, the National Crime Victimization Survey (NCVS), examines data from a representative sample of 77,200 households on the frequency, characteristics, and consequences of criminal victimization in the United States, specifically rape, sexual assault, robbery, assault, theft, household burglary, and motor vehicle theft. According to Bureau of Justice Statistics NCVS reports, between 2004 and 2005 the number of reported violent victimizations per 1,000 people over age 12 remained nearly constant (21.1 in 2004 and 21.0 in 2005). Specifically, the rate of murder remained at 0.1, rape increased from 0.4 to 0.5, robbery increased from 2.1 to 2.6, aggravated assault remained at 4.3, and simple assault decreased from 14.2 to 13.5.

The Department's challenge with respect to violent crime is to meet its expanded counterterrorism mission while continuing to show leadership in helping reduce violent crime.

In a number of recent reviews, the OIG has examined aspects of the violent crime challenge facing the Department. For example, in a September 2005 report the OIG assessed the impact on state and local law enforcement efforts of the FBI's shift of agents from its criminal program to terrorism and counterintelligence. The OIG found that the FBI opened 28,331 fewer criminal cases in FY 2004 than in FY 2000, a 45-percent reduction. State and local law enforcement officials also told us that their investigative caseloads have increased following the FBI's post-September 11 reprioritization. Many of these officials expressed concern about their agencies' ability to handle the increased workload and commented that the complex crimes that the FBI previously had handled often exceeded their departments' resources, expertise, and jurisdiction.

Several local law enforcement officials noted reduced FBI involvement in violent crimes in their jurisdictions, specifically gang offenses and bank robberies. Some local officials remarked that this reduced effort had created an investigative gap that the local agencies had been unable to completely fill. In contrast, other local representatives said they did not believe the FBI's reduced involvement in these areas had negatively impacted their agencies' operations.

As part of the OIG review, we surveyed state and local law enforcement agencies regarding changes their departments' crime rates between FYs 2000 and 2004. Of the 1,109 respondents to our survey, approximately 50 percent indicated that the overall crime rate in their agencies' jurisdiction had increased during this 5-year period. In particular, 41 percent of respondents said violent crime against persons had increased from FY 2000 to FY 2004; 24 percent said gang-related crimes had increased; and 17 percent cited a rise in bank robberies during this period.

Another indication of the difficulty for the Department in meeting this challenge was highlighted during an August 2006 National Violent Crime Summit in Washington, D.C., convened by the Police Executive Research Forum for mayors and police officials from 45 cities nationwide. During the Summit, several local leaders noted that the shift of federal priorities to terrorism prevention has resulted in less federal funding to combat domestic crime, reductions in police department staffing levels, and more strain on the courts and corrections components of local criminal justice systems.

To address the issue of violent crime, the Department has formed a variety of task forces to focus federal, state and local law enforcement resources on reducing violent crime. These task forces include:

- DEA Mobile Enforcement Teams
- FBI Safe Streets Task Forces
- USMS Regional and District Fugitive Task Forces
- ATF Violent Crime Impact Teams (VCIT)
- Project Safe Neighborhood gun crime task forces
- Weed and Seed task forces to reduce neighborhood violent crime and gang-related activities

In an ongoing review, the OIG is evaluating whether the Department's violent crime task forces are coordinating their investigations to better assist state, local, and tribal law enforcement in reducing violent crime.

A separate OIG review this past year examined ATF's implementation of the VCIT initiative, which currently operates in 20 cities across the country and is slated to expand to 15 more cities by FY 2008. The goal of the VCIT initiative is to decrease the number of homicides and violent crimes committed with firearms in targeted urban areas. The VCIT strategy includes targeting "hot spots" with a high rate of firearms violence, targeting the "worst-of-the-worst" violent offenders in those areas, building effective working relationships with community leaders, using ATF firearms investigative technology resources, and involving representatives from the Department's other law enforcement components.

The OIG evaluation determined that while ATF's VCIT strategy may be an effective tool to reduce violent crime in targeted areas, there was inconsistent application by local VCITs of key elements of the strategy. The OIG also found that ATF's claim in January 2006 that it had met its stated goal was based on insufficient data. In light of the ATF's plans to expand the VCIT program to 15 additional cities in 2007, the challenge for the Department is to consistently implement and evaluate the VCIT strategy in these cities in order to improve the effectiveness of the ATF's efforts to target gun violence in specified urban areas.

In addition, in October 2006 the Attorney General announced the "Initiative for Safer Communities" to target violent crime prevention efforts in selected communities across America that have shown increases in crime. According to the announcement, in the first stage of the Initiative the Department plans to conduct a detailed survey and visit local law enforcement in impacted areas to identify possible factors contributing to the increase in crime. A second phase will focus on policy development by analyzing the findings of the investigative phase to identify the roots of the localized increases in crime. The Initiative's third phase will focus on matching localized results with established federal programs that are proven to be effective in combating crime and, where necessary, creating new initiatives.

Another challenge that relates to violent crime is the need for the Federal Bureau of Prisons (BOP), as well as state and local corrections facilities, to prepare inmates for life after prison, given that approximately 650,000 people are released from incarceration every year. Studies show that more than half of all offenders were re-arrested within 3 years after release from prison. According to reports from the Bureau of Justice Statistics: "The reentry of serious high-risk offenders into communities across the country has long been the source of violent crime in the United States."

In sum, the Department faces a significant challenge in attempting to reduce violent crime while shifting substantial resources to counterterrorism and counterintelligence activities.

5. Financial Management and Systems: The Department has made steady progress during the last several years in addressing several of the major problems identified in the annual financial statement audits, but significant issues remain in financial management systems' general and application controls. In our view the most important challenge for the Department in this area is to implement a unified financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

One of the key improvements in recent years has been the ongoing and expanded involvement of Department financial managers in assisting components, issuing guidance, and providing greater assistance with component audits and corrective action plans. In addition, the Department has done a better job in recent years meeting expedited due dates for the financial statement audits through detailed planning and revamping of the financial effort.

For FY 2006, the Department again earned an unqualified opinion and improved sufficiently in the area of financial reporting to reduce its long-standing material weakness on financial reporting to a reportable condition at the consolidated level. The Department components also reduced component material weaknesses from 10 in FY 2005 to 7 this year. In addition, component-level reportable conditions decreased from 8 in FY 2005 to 7 this year. Two components, the Drug Enforcement Administration and Federal Prison Industries, Inc., continued to have no material weaknesses, reportable conditions, or compliance issues.

Another encouraging result this year was the Department's effective implementation of revised OMB Circular A-123, Appendix A, Internal Control over Financial Reporting. This Circular was recently amended to bring it more in line with the new internal control requirements for publicly traded companies contained in the Sarbanes-Oxley Act of 2002. The Circular requires the Department to document and test its controls in order to provide an annual assessment as to the effectiveness of its internal controls over financial reporting. Under tight time frames the Department was able to prepare its Assessment Methodology and Guide and fully implement this new requirement.

However, the Department still needs to improve its financial management systems. The material weakness on information system general and application controls still remains a serious concern in the FY 2006 opinion. In addition, the Department still lacks sufficient automated systems to readily support ongoing accounting operations and financial statement preparation. Inadequate, outdated, and in some cases non-integrated financial management systems do not provide certain automated financial transaction processing activities that are necessary to support management's need for timely and accurate financial information throughout the year. Many tasks still must be performed manually at interim periods and at year-end, requiring extensive manual efforts on the part of financial and audit personnel. These significant, costly, and time-intensive efforts will continue to be necessary for the Department and its components to produce financial statements until automated, integrated processes and systems are implemented that readily produce the necessary information throughout the year.

The Department has placed great reliance on the planned Unified Financial Management System (UFMS) as the fix for many of these automation issues. The UFMS would standardize and integrate financial processes and systems to more efficiently support accounting operations, facilitate preparation of financial statements, and streamline audit processes.

The Department's efforts over the past few years to implement the UFMS to replace the seven major accounting systems currently used throughout the Department have been subject to fits and starts. Currently, none of the Department's accounting systems are integrated with each other. Two years after the Department selected a vendor for the unified system, problems with funding, staff turnover, and other competing priorities have caused delays in implementation of the new system. Consequently, Department-wide accounting information is produced manually, which is costly and undermines the Department's ability to prepare financial statements that are timely and in accordance with generally accepted accounting principles. The DEA is scheduled to begin implementing the UFMS in FY 2008, and current plans are for implementation in all Department components by FY 2012.

To test one aspect of the Department's financial management practices, in April 2005 the OIG issued an audit examining the Department's process for identifying, preventing, and recovering improper and erroneous payments made to vendors by the FBI, BOP, U.S. Marshals Service (USMS), and OJP. We found that some vendor payments and travel reimbursements were not included in one component's risk assessment, while another risk assessment did not identify any specific information about which programs were measured. Also, all components did not have adequate policies and procedures in place to avoid improper payments. In March 2006, at the Department's request the OIG initiated a second audit to evaluate the status of improper payment and recovery auditing activities at the DEA, ATF, Federal Prison Industries, and the Department's Offices, Boards, and Divisions.

In sum, with its positive audit results this year, the Department continues to show improvement in financial management. A major challenge will be to maintain these results while correcting the remaining financial issues. In addition, the Department must address the IT general and application controls issues that remain a material weakness. Complicating these efforts will be the Department's implementation of the UFMS at nine components over the next 7 years, a significant challenge in and of itself.

6. Detention and Incarceration: The Department continues to face major challenges in meeting its responsibility to safely, humanely, and economically detain and incarcerate individuals held in the custody of the BOP and the USMS. This challenge is becoming more difficult each year as the number of individuals detained increases dramatically and the cost of confinement rises. In addition to finding the resources to house inmates and detainees, the Department also must provide medical and other services to a population that is aging and often has serious health issues. Moreover, the increasing number of terrorist or high-risk inmates must be closely monitored to prevent further illegal activities. While the Department has made some progress in adapting to these high-risk inmates, more progress is needed.

The BOP is responsible for approximately 192,000 federal offenders and in FY 2006 received an appropriation of approximately $4.1 billion. In addition, each day the USMS is responsible for housing approximately 54,000 federal detainees (individuals housed primarily in jails under contract with the Department while awaiting trial or sentencing). Within the Department, the Office of the Federal Detention Trustee (OFDT) is responsible for providing oversight of the USMS's detention activities and for managing the budget for housing USMS detainees, which in FY 2006 surpassed $1 billion.

The BOP's problems in adapting to the challenges presented by high-risk inmates are illustrated by the fact that three convicted terrorists incarcerated at the BOP's highest-security prison for the 1993 World Trade Center bombing had written more than 90 letters to Islamic extremists outside the prison between 2002 and 2004. These extremists included jailed members of a Spanish terror cell with links to other terrorists suspected in the March 2004 attacks on Madrid commuter trains, as well as other Islamic radicals in Spain and Morocco, among them a man charged with recruiting suicide operatives and who used the BOP inmates' letters in his recruitment efforts. A September 2006 review by the OIG examined the BOP's efforts to prevent terrorist and other high-risk inmates from using the mail or the cover of a foreign language to continue or encourage criminal or terrorist activities.

Our review found that the BOP's monitoring procedures, intelligence analysis, and foreign language capabilities were deficient. We found that the BOP does not adequately read the mail or listen to the telephone calls, visitor communications, or cellblock conversations of terrorist or other high risk inmates. We also found that the BOP does not have sufficient resources to translate inmate communications in foreign languages and lacks staff adequately trained in intelligence analysis techniques to properly assess terrorist communications. Since issuance of the report, the BOP has reported that it is now monitoring 100 percent of terrorist inmates' mail and telephone calls and is translating and screening all correspondence to or from terrorist inmates written in a foreign language.

Another OIG review in 2004 concluded that due to a shortage of Muslim chaplains, BOP inmates often led Islamic services and were subject only to intermittent supervision from BOP staff members. This practice greatly enhanced the likelihood that radical, inappropriate messages could be delivered to inmates. Since issuance of our report, the BOP has developed enhanced screening criteria for religious services providers. The BOP also accepted the report's recommendations that inmate-led services in all faiths should be reduced, that supervision in the chapel areas should be enhanced, and that reading materials in BOP chapel libraries should be screened more closely. However, the OIG recently learned that the BOP is not screening for terrorist connections organizations that assist it with recruiting religious services providers. The OIG has recommended to the BOP that it consider vetting these organizations through the FBI in the same way that it screens religious endorsing organizations.

The USMS's efforts to detain individuals held in its custody have also faced significant challenges. Due to the severe shortage of federal detention space, the USMS depends on state and local governments to provide detention space for detainees. As of February 2006, the USMS had entered into more than 1,600 Intergovernmental Agreements (IGAs) under which a state or local government agrees to house federal detainees at an agreed-upon daily rate (a "jail-day rate"). The total budget for USMS detainees is approximately $1 billion per year.

In an ongoing audit, the OIG is examining the IGA process and believes that the Department could realize significant cost savings if it addressed deficiencies in how prices are set in individual IGAs with state and local agencies for detention bed space. In addition, as a result of OIG audits of individual IGAs, we have encouraged the Department to attempt to recover overpayments made to state and local jails. We also have found that the USMS needs to improve its procedures for establishing and monitoring IGAs.

In addition to finding a cost effective way to detain and incarcerate individuals, the Department also must ensure that it is doing so in a safe and humane way. We reported in April 2005 on the shortcomings of federal law in deterring staff sexual abuse at federal prisons. At the time, a correctional officer who engaged in unforced sexual abuse or sexual contact with an inmate was subject only to a misdemeanor offense. We found that federal prosecutors often would not accept these cases because of the low penalties. The OIG report also pointed out a jurisdictional shortcoming in the federal law because it did not apply to federal inmates held in state or local facilities under contract to the federal government rather than in BOP-owned facilities.

Congress corrected those shortcomings during the past year by enacting legislation that elevated the federal crime of unforced sexual abuse or sexual contact by a correctional officer with an inmate from a misdemeanor to a felony offense. In addition, the legislation changed the statute to cover federal inmates housed in contract facilities. While we cannot yet gauge the impact of these statutory changes, we believe that federal prosecutors aggressively using these new tools will make a difference in addressing the serious problem of staff sexual abuse of federal inmates.

OIG agents continue to aggressively investigate allegations that correctional officers have smuggled drugs or contraband into the prison.

The Department faces challenges in keeping drugs out of federal prisons and rehabilitating drug-addicted inmates. In January 2003, the OIG issued a review that found the BOP did not search visitors or monitor visiting rooms adequately, did not search staff or take sufficient measures to prevent drug and other contraband smuggling by BOP staff, and did not provide adequate non-residential drug treatment to inmates.

However, the BOP did not agree with the OIG recommendation to search staff members and their property upon entry to BOP facilities. Since we made the recommendation, the OIG has continued to investigate cases involving BOP staff smuggling drugs and other contraband, such as cigarettes and cellular phones, into BOP institutions. In many of the cases, staff members admitted that they smuggled drugs and contraband into BOP institutions on several occasions before being caught, and that they carried the drugs into the institutions on their persons or in unsearched property.

The danger of not searching BOP correctional officers was tragically demonstrated on June 21, 2006, when OIG Special Agent William "Buddy" Sentner was shot and killed in the line of duty. Agent Sentner was working as part of an OIG-FBI team to execute arrest warrants on six BOP correctional officers in Florida who had been indicted the previous day on charges of conspiracy to sexually abuse female inmates and introduction of contraband into the correctional facility. During execution of the arrest warrants, one of the correctional officers who was a subject of the warrant opened fire with a personal weapon. Acting with extraordinary courage, Agent Sentner returned fire, killing the correctional officer. Agent Sentner was killed and a BOP Lieutenant was wounded by the correctional officer. We believe that the BOP's recent decision to routinely search staff and their property is a major step in ensuring the security of federal institutions.

7. Supply and Demand for Drugs: Controlling the demand for and supply of illegal drugs remains a top management challenge for the Department, as well as for state and local governments throughout the United States. In recent years the Department has made some progress in addressing this challenge, such as the DEA's successful efforts in FY 2005 to dismantle the financial infrastructures of several drug trafficking organizations and recoup nearly $1.4 billion in assets and $477 million in drugs. Despite these and other successes, the challenge to significantly reduce the supply of and demand for drugs remains.

According to the DEA, seizures of all categories of illegal drugs, except marijuana, increased from FY 2004 to FY 2005. While the DEA has stepped up its efforts to combat methamphetamine, the National Drug Intelligence Center reports that for the second consecutive year more state and local law enforcement agencies nationwide identified methamphetamine as the drug that poses the greatest threat in their area.

Compounding this challenge is the dramatic increase in the diversion of controlled pharmaceuticals in recent years. According to a 2005 report from the National Center on Addiction and Substance Abuse, the number of people who admitted abusing controlled prescription drugs increased from 7.8 million in 1992 to 15.1 million in 2003, a 94-percent increase. This rate of increase was seven times faster than the increase in the U.S. population for that same period.

To examine this issue, the OIG completed a follow-up review in July 2006 that assessed the DEA's actions to control pharmaceutical diversion since our previous review in October 2002. We found that the DEA has taken important steps to improve its ability to control the diversion of controlled pharmaceuticals, such as centralizing its diversion criminal investigations with other criminal investigations, providing additional intelligence resources to diversion investigators, and increasing the number of authorized domestic diversion investigator positions. However, several shortcomings that we identified and reported on in 2002 still exist. Although the need for special agent assistance in diversion investigations had increased significantly since our previous review, we found that the time spent by special agents assisting diversion investigations still constitutes a small share of their total investigative effort. In addition, the complicated issue of providing law enforcement authority for its diversion investigators has not been resolved, although the Department is actively pursuing the matter and has forwarded a proposal to OMB. Further, the support that intelligence analysts provide to diversion groups in the field has continued to be limited, and intelligence analysts and special agents still receive minimal diversion control training.

In addition to addressing the diversion of legal drugs, the Department is confronting the challenge presented by foreign drug trafficking organizations transporting illicit drugs into the United States. An ongoing OIG examination of the DEA's international operations shows that over the last several years the DEA has increased by more than 50 percent the resources dedicated to its foreign offices and international activities – $312 million in FY 2006 compared to $201 million in FY 2000 – a rate significantly higher than that dedicated to domestic drug activities. Our review is also finding that the DEA has maintained good working relationships with the international law enforcement community and is considered vital by foreign officials to effectively combat the world's illicit drug trade. As evidence of its success in this area, the DEA reported that of the 159 organizations identified in FY 2005 as priority targets for its foreign offices, it had disrupted 53 and dismantled 34.

However, we identified several areas in which the DEA could improve its international operations, such as establishing a universal system to catalog and track the investigative leads or requests for assistance received from its foreign offices and ensuring that all foreign law enforcement personnel in special DEA-funded foreign units are appropriately screened to reduce the risk of corruption. Addressing these and other issues identified in the report will enhance the DEA's ability to more effectively combat international organizations that supply the illicit drug market in the United States.

With respect to use of the Internet to illegally distribute drugs, the DEA has developed web education tools to help inform the public that it is illegal to purchase controlled substances over the Internet without a legitimate prescription. In FY 2005, the DEA began working with Internet search engine companies to develop public service announcements that now appear automatically during Internet prescription drug searches. These announcements are designed to alert consumers of the potential dangers and the illegality of purchasing controlled substances, particularly pharmaceuticals, over the Internet.

In addition, the DEA's Demand Reduction Program provides school children with a variety of demand reduction presentations regarding the abuse of controlled prescriptions while its Demand Reduction Office has produced an anti-drug website for teens, www.justthinktwice.com. This site provides information on drug use and drug trafficking, including the health, social, and legal consequences. In addition, many DEA field divisions provide their own demand reduction programs for children, students, parents, teachers, and community leaders.

Since 2003, the DEA has attempted to develop relevant performance measures, most recently through a study funded by the Office of National Drug Control Policy. However, in June 2006 the DEA reported to us that there are no accurate measures of the quantity of drugs available on a national level and it may be impossible to develop a model that measures the impact of law enforcement activities on drug availability. The DEA stated that it will continue its efforts in this area.

In sum, reducing the supply of illegal drugs, the diversion of legal prescription drugs for improper use, and the demand for illegal drugs remains a critical and ongoing challenge for the Department.

8. Grant Management: Since FY 2000, the Department has awarded more than 49,000 grants totaling $23.65 billion to state, local, tribal governments, and other entities. However, we believe that continued shortcomings in the Department's financial and programmatic oversight of grants, coupled with the lack of a mechanism to assess the effectiveness of its varied grant programs, present a continued management challenge for the Department.

For years OIG audits have identified a variety of management concerns regarding the Department's oversight of grants, such as problems in the grant closeout process, improper uses of grant funds, difficulties in meeting grant objectives, and poor performance measurement of grant effectiveness. These problems persist, and overall we have seen little improvement in how the Department manages its grant programs. The large amount of grant funds awarded annually by the Department coupled with the numerous and decentralized nature of the grantees make this an important management.

The OIG has performed numerous audits of grant programs managed by OJP, Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) as well as audits of individual grants to state, local, and tribal governments; non-profit organizations; and institutions of higher education. One pervasive theme that has emerged from these reviews is the lack of performance standards, measures, and data to determine what the grants accomplish.

We have also found that the Department does not exercise its full authority to monitor grants and it has failed to implement simple requirements that could provide greater assurances that the grantees are compliant with grant requirements. For example, the OIG evaluated the FY 2005 announcement and application review process for the Paul Coverdell Forensic Science Improvement Grants (Coverdell Grants) administered by the National Institute of Justice (NIJ), under the legal and fiscal oversight of OJP. NIJ distributed $13.6 million in FY 2005 Coverdell Grants to state and local governments to improve the timeliness and quality of forensic science and medical examiner services and to eliminate backlogs in the analysis of forensic evidence.

We found that NIJ did not effectively implement a statutory requirement that grant recipients certify that they have a process in place for independent, external investigations if allegations arise of serious negligence or misconduct substantially affecting the integrity of the forensic results. Specifically, we found that NIJ received inadequate certifications because the announcement did not give applicants necessary guidance on what constitutes an independent external investigation and did not require grant recipients to name the entity that would conduct the independent, external investigation.

We also found management problems when we examined the COPS' administration of the Department grant program to stem the production, distribution, and use of methamphetamine. Over the past 8 years, Congress has appropriated more than $200 million for grants to state and local law enforcement agencies to combat methamphetamine, currently the most prevalent manufactured drug illegally produced in the United States. We found management weaknesses such as a lack of coordination between officials in the COPS Office, weaknesses in the database that COPS uses to manage and track grants, and insufficient and inconsistent monitoring of grantees. In addition, OIG audits of 44 individual state and local methamphetamine grants totaling more than $56 million identified $9.5 million in questioned costs and numerous accounting and internal control weaknesses.

Similarly, the external audits we conducted in FY 2006 demonstrate a greater need for improved grant oversight by the Department components responsible for administering the grants. For example, we audited a $2.7 million COPS grant to the Pennsylvania State Police intended to pay for police overtime to support community policing and homeland security efforts. The audit found that the Pennsylvania State Police charged for unauthorized fringe benefits, including social security, retirement, hospitalization, health benefits, and regular time salaries, that were outside the scope of the grant. The audit also identified potential program management issues in that the Pennsylvania State Police did not develop performance measures related to activities funded under the grant, nor did it always collect, track, and analyze relevant data to determine specifically what was accomplished with the grant award. In reviewing three other grants totaling approximately $2.8 million awarded by OJP to the North Carolina Department of Crime Control and Public Safety, we determined that unsupported and unallowable costs were reimbursed to the grantee because the grantee did not reconcile the sub-grantees' claims for reimbursement to supporting documentation.

Finally, an effort to improve grant management by creating an Office of Audit, Assessment, and Management (OAAM) within OJP got off to a slow start during the past year. In January 2006, as part of the Department of Justice Reauthorization Act of 2005, Congress gave OJP the authority to create and fund the OAAM, which can help monitor any Department grant. This office could assist OJP by providing more effective oversight of its annual billion-dollar grant programs. However, OJP has been slow to establish or fund this office.

In our view, management of the billions of dollars in Department grants is in need of significant improvement and is a critical Department challenge.

9. Civil Rights and Civil Liberties: The Department faces the challenge of aggressively pursuing its counterterrorism and law enforcement missions while at the same time safeguarding civil rights and civil liberties. FBI Director Mueller crystallized the importance of this challenge in a recent speech when he noted: "As we recognize the necessity of intelligence gathering, we must also recognize the need to protect our civil rights. It has always been my belief, that in the end, we will be judged not only on whether we win the war against terrorism, but also on how we protect the civil rights we cherish."

One positive step during this past year was the Department's creation of the Office of Privacy and Civil Liberties within the Office of the Deputy Attorney General. This office is responsible for privacy policy and for developing appropriate civil rights safeguards, particularly related to counterterrorism issues. In February 2006, the Department appointed a Chief Privacy and Civil Liberties Officer and two months later initiated the Privacy and Civil Liberties Board, composed of senior representatives from major Department components. The Board's mission is to (1) examine the activities of the Department to ensure that it continues to fully protect the privacy and civil liberties of all Americans; (2) recommend policies, guidelines, and other administrative actions; and (3) refer credible information pertaining to possible privacy or civil liberties violations to the appropriate office for prompt investigation. A challenge for the Department is to integrate this new Office of Privacy and Civil Liberties in the work of the Department so that office can play a meaningful role in the development and implementation of Department policy that may affect civil rights and civil liberties issues.

The OIG continues to play an important role in reviewing Department programs that either directly or indirectly impact civil rights and civil liberties issues. Examples of such recent OIG reviews include our examination of reports of possible intelligence violations forwarded to the President's Intelligence Oversight Board and our review of the FBI's interviews of protesters connected to the 2004 Democratic and Republican National conventions. Currently, we are conducting reviews relating to other civil rights issues, including the FBI's use of National

Security Letters and subpoenas for records under Section 215 of the Patriot Act. In addition, we have continued to monitor actions that the Department has taken to resolve issues that we highlighted in previous reviews.

For example, in June 2003 the OIG issued a review that examined the treatment of aliens held on immigration charges in connection with the investigation of the September 11 attacks. We made several findings about the civil rights and civil liberties of the detainees, including that the FBI made insufficient efforts to distinguish between aliens who were subjects of the FBI terrorism investigation and those who were encountered coincidentally to the investigation, the Department and the FBI's policy and procedures for handling the detainees led to the detainees remaining in custody much longer than necessary, the conditions under which the detainees were detained at the Metropolitan Detention Center in Brooklyn, New York, were unduly harsh, and some MDC correctional officers engaged in a pattern of physical and verbal abuse against the detainees.

We made a series of recommendations related to the FBI, the BOP, and leadership offices at the DOJ, as well as immigration issues now under the jurisdiction of the DHS. All but one of the recommendations have been resolved. The one open recommendation calls for the Department and the DHS to enter into a memorandum of understanding (MOU) to formalize policies, responsibilities, and procedures for managing a national emergency that involves alien detainees. While the Department and DHS agreed with this recommendation and began negotiating over language in the MOU to implement the recommendation, the MOU still has not been finalized.

Consistent with Section 1001 of the USA PATRIOT Act, the OIG released to Congress its eighth semiannual report in March 2006 and ninth semiannual report in August 2006 describing the OIG's activities related to civil rights and civil liberties complaints. Both reports summarize investigations and reviews undertaken by the OIG in furtherance of its Section 1001 responsibilities. In addition, the March Section 1001 report described the results of an OIG review of the FBI's reporting to the President's Intelligence Oversight Board (IOB) of possible intelligence violations. Our report detailed the types and percentages of possible violations reported by the FBI to the IOB in FY 2004 and 2005 and the process used by the FBI to report such violations.

Examples of the possible violations that the FBI reported to the IOB in FYs 2004 and 2005 include FBI agents intercepting communications outside the scope of the order from the Foreign Intelligence Surveillance Act (FISA) Court; FBI agents continuing investigative activities after the authority for the specific activity expired; and third parties providing information that was not requested by an FBI National Security Letter. However, not all violations were attributable solely to FBI conduct. According to the data we reviewed, third parties such as telephone companies were involved in or responsible for the possible violations in approximately one-quarter of the reported matters in both years we examined. We intend to continue to review these potential IOB violations and report on our findings in future reports.

In some of our reviews, we concluded that Department employees had not committed civil rights or civil liberties violations as was alleged. For example, in April 2006 the OIG issued a report on the FBI's use of its investigative authorities to conduct interviews of potential protesters in advance of the 2004 Democratic and Republican national political conventions. The OIG initiated this investigation after reports that dozens of people had been interviewed in at least six states, including anti-war demonstrators and political demonstrators and their friends and family members. The OIG review did not substantiate allegations that the FBI improperly targeted protesters for interviews in an effort to chill the exercise of their First Amendment rights at the conventions. The report concluded that the FBI's interviews of potential convention protesters and other related interviews, together with the FBI's related investigative activities, were conducted for legitimate law enforcement purposes and were based upon a variety of information related to possible bomb threats and other violent criminal activities.

The OIG recently initiated a review to examine allegations that the FBI targeted domestic advocacy groups for scrutiny based solely upon their exercise of rights guaranteed under the First Amendment of the United States Constitution. The review is examining allegations regarding the FBI's investigation, and the predication for any such investigation, of certain domestic advocacy groups, including the Thomas Merton Center, Greenpeace, and People for the Ethical Treatment of Animals.

We also continue to investigate individual allegations of violations of civil rights and civil liberties and refer our findings to the appropriate agency for action. For example, the OIG examined allegations raised by an Egyptian national concerning alleged improper treatment during his arrest by the FBI on September 12, 2001, and his incarceration in a federal prison. While the investigation did not substantiate the allegation that BOP employees physically abused the inmate during his incarceration, we did find that the inmate was subjected to body cavity searches that did not comply with BOP policy. We also found that the correctional officers later provided false statements and tried to conceal their role in this incident and that BOP staff failed to properly maintain and safeguard videotapes of this inmate during his detention. While the U.S. Attorney's Office declined prosecution, the OIG provided its report of investigation to the BOP for appropriate administrative action against the correctional officers.

The Department's increased efforts to collect and share information with its law enforcement and intelligence partners also presents a significant challenge to the Department's efforts to protect civil rights and civil liberties. For example, information-sharing imperatives contained in various Attorney General Guidelines, Presidential Decision Directives, and recommendations from study groups like the WMD Commission underscore the challenge of reconciling the Department's need for effective intelligence tools with the need to observe existing legal, operational, and administrative constraints on these potentially intrusive authorities.

Likewise, investigative and intelligence authorities enacted or expanded in the Patriot Act and the Patriot Improvement and Reauthorization Act of 2005 invest broad new information-gathering powers in FBI agents and their supervisors, often permitting these tools to be approved at the field office level on a minimal evidentiary predicate. For example, when Congress lowered the evidentiary threshold for issuing National Security Letters in the Patriot Act through amendments to pre-existing statutes, it authorized the FBI to collect information such as telephone records, Internet usage, and credit and banking information on persons who are not subjects of FBI investigations. This means that the FBI – and other law enforcement or Intelligence Community agencies with access to FBI databases – is able to review and store information about American citizens and others in the United States who are not subjects of FBI foreign counterintelligence investigations and about whom the FBI has no individualized suspicion of illegal activity.

Consequently, the Department and the FBI in particular need to be mindful of the potential for any abuse of these authorities and the need for aggressive oversight by first-line supervisors, field office and headquarters managers, legal counsel, and established internal and external oversight mechanisms.

In sum, as Director Mueller pointed out, the Department needs to protect civil rights and civil liberties while pursuing its important counterterrorism and crime fighting missions. How the Department balances these issues is one of its most important challenges.

10. Cybercrime: Cybercrime is a broad area that ranges from on-line sexual predators to theft of intellectual property to computer intrusions known as "hacking." With rapid technological advances and the widespread use of the Internet, cybercrime is a growing source of criminal activity and an emerging challenge for the Department and law enforcement nationwide.

The Internet Crime Complaint Center, which is jointly operated by the FBI and a congressionally funded, non-profit corporation called the National White Collar Crime Center, received 231,493 complaints in 2005, an 11.6 percent increase over the previous year. In addition, according to a national survey conducted this year by University of New Hampshire researchers and cited by the Attorney General at a recent conference addressing cybercrimes against children, one third of all children aged 10 to 17 who used the Internet were exposed to unwanted sexual material.

The FBI's efforts to address cybercrime were fragmented among many different units until 2002. At that time the FBI – recognizing the international aspects and national economic implications of cyber threats – created a Cyber Division at FBI headquarters to manage and direct this developing program. In March 2003, the FBI issued the Cyber Division National Strategy to provide a strategic and coordinated approach to the cybercrime threat. The strategy outlines four objectives: identifying and neutralizing individuals or groups conducting computer intrusions and spreading malicious code; intellectual property thieves; internet fraud; and on-line predators that sexually exploit or endanger children.

In the Department, the Criminal Division's efforts to fight cybercrime are centered in the Child Exploitation and Obscenity Section, which coordinates efforts to prosecute Internet sex crimes against children, and in the Computer Crime and Intellectual Property Section (CCIPS), which focuses on electronic penetrations, data thefts, and cyberattacks on critical information systems. In response to the growing threat of cybercrime, CCIPS has nearly doubled in size over the past 6 years, to 35 attorneys. These attorneys prosecute cases as well as provide assistance to other law enforcement officials and Assistant United States Attorneys pursuing cybercrime cases.

In addition, the Department has developed other initiatives to fight cybercrime. For example, in March 2004 the Department established a Task Force on Intellectual Property that includes within its focus computer crimes involving theft of intellectual property. The Department also has greatly expanded the Computer Hacking and Intellectual Property "CHIP" Program at the United States Attorneys' Offices, which is designed to increase the number of prosecutions of these types of cases and to improve coordination of these cases with other Department components. As of June 2006, more than 230 attorneys throughout the country have been assigned to the CHIP program.

In May 2006, the Department announced Project Safe Childhood, a new program designed to protect children from sexual abuse and exploitation on the Internet. The project, led by the 94 United States Attorneys, will develop regional task forces to investigate and prosecute crimes against children facilitated through the Internet or other electronic media and communications devices. The project is intended to integrate federal, state, and local efforts; increase the number of cases prosecuted in federal court where stiffer punishment is available; provide training to federal, state, and local law enforcement partners in order to more effectively investigate and prosecute these cases; and increase community awareness of this problem in order to provide the tools to parents and children seeking to report possible violations.

These new programs, while a positive step in the efforts to combat cybercrime, nevertheless present significant implementation challenges for the Department. As part of the OIG's review of the DEA's efforts to control pharmaceutical diversion, we examined a series of actions the DEA has taken to control the increasing use of the Internet to obtain controlled pharmaceuticals. Since the late 1990s, hundreds of Internet pharmacies have been established through which large amounts of pharmaceuticals can be easily purchased with a credit card and without a prescription. According to an estimate in the July 2005 study by the National Center on Addiction and Substance Abuse, entitled Under the Counter: The Diversion and Abuse of Controlled Prescription Drugs in the U.S., the number of Internet pharmacies in operation reached as many as 1,400. Other reports found that 17.4 million people visited online pharmacies in the fourth quarter of 2004, an increase of 14 percent from the previous quarter.

In our review of the DEA's efforts in this area, we found that from FY 2002 to FY 2005 the DEA increased the percentage of time that its diversion investigators spent investigating Internet diversion cases from 3 percent in FY 2002 to 11 percent in FY 2005. The DEA also developed an Internet strategy and established telephone and web-based hotlines for the public to report suspicious Internet pharmacies. However, we found that most diversion investigators had not received the specialized training they needed to conduct successful Internet investigations and that most diversion investigators lacked the undercover equipment they needed to conduct Internet investigations.

In sum, addressing the varied facets of cybercrime presents a series of challenges for the Department. While the Department has developed several initiatives to combat aspects of this complicated crime, the Department must continue to build upon these initiatives to respond to this growing challenge.

DOJ Management's Response to the Office of Inspector General's Top Management and Performance Challenges

1. Counterterrorism

<u>Issue</u>: The FBI has reallocated significant agent and analyst resources from traditional criminal investigations to counterterrorism and counterintelligence matters. These shifts of resources have presented challenges not only for the FBI, but also for other federal, State, and local law enforcement organizations affected by the FBI's reduced involvement in certain criminal investigations. The greatest reduction of FBI resources has occurred in drug-related investigations.

<u>Action</u>: The FBI continues to contribute to the overall counter-drug effort by participating on joint task forces designed to maximize investigative results by combining resources, expertise, and jurisdiction of federal, State, and local agencies.

Since September 11, 2001, DEA has steadily increased its agent investigative work hours to focus on the priority mission of the DEA, which is to disrupt and dismantle Priority Target Organizations (PTOs) and CPOTs – the "Most Wanted" drug trafficking and money laundering organizations believed to be primarily responsible for the Nation's illicit drug supply. Since 2001, DEA has continued to increase its PTO investigations and has repeatedly exceeded established targets for disrupting and dismantling those organizations, which includes the removal of ill-gotten revenues from trafficking drugs. In 2001, DEA disrupted or dismantled 94 PTOs; in FY 2006, DEA disrupted or dismantled 1,305 PTOs, an increase of 1,288% over 2001. Following 9/11 and the FBI's resulting reallocation of drug enforcement resources, DOJ, with Congressional support, has been restoring the drug agent level within DEA. The FY 2007 Congressional Budget provides 6,080 total DOJ Drug Agents, maintaining the pre-September 11, 2001, level.

<u>Issue</u>: The Department's newly created National Security Division and the FBI's National Security Branch require implementing new reporting structures and developing new relationships with other federal, State, and local agencies.

<u>Action</u>: In March 2006, Congress re-authorized the USA PATRIOT Act which, among other things, established an Assistant Attorney General position to head DOJ's National Security Division (NSD). Under the direction of the Assistant Attorney General for Administration (AAG/A) (with direct oversight provided by the Office of the Deputy Attorney General), working groups were formed to identify and implement immediate and long-term administrative actions that needed to be accomplished. In addition to helping prepare the organizational structure and budget reprogramming documents that were submitted for review and approval by OMB and Congress, Justice Management Division performed much of the behind-the-scenes work so that NSD's personnel would have all the necessary administrative infrastructure in place and functioning when its new AAG was confirmed by the Senate.

<u>Action</u>: The National Security Branch (NSB) combines the FBI's national security workforce and mission under one leadership umbrella. This structure enhances communication capability within the Intelligence Community (IC), and with federal, State, local, and tribal law enforcement partners.

The head of the NSB serves as the FBI's lead intelligence official and routinely communicates with the DOJ National Security Division (NSD). Additionally, NSB representatives have well-established relationships with personnel in the Office of Intelligence Policy Review, Counterterrorism Section, and Counterespionage Section, all of which are now located within the NSD.

<u>Issue</u>: The FBI needs to better support and integrate non-agent and non-lawyer staff with technical skills into its counterterrorism effort.

<u>Action</u>: The NSB is developing an integrated FBI intelligence workforce consisting of agents, analysts, linguists, and surveillance specialists with deep investigative and intelligence expertise in national security and criminal tools. To build this, the NSB is creating an environment that will attract and retain intelligence personnel. The FBI refined its recruitment strategy to target and provide incentives to applicants with critical skills in intelligence, foreign languages, technology, area studies, and other specialties. For example, to staff the Weapons of Mass Destruction Directorate's

(WMDD) new Intelligence Analysis Section, the WMDD worked with the Directorate of Intelligence (DI) to establish an aggressive hiring strategy to identify individuals with experience in biological, chemical, or nuclear sciences.

Career paths that reward and develop technical experts in intelligence operations are essential to the FBI's ability to retain a world-class national intelligence workforce. Recently, the FBI implemented a national security career path, allowing analysts, agents, linguists and surveillance specialists to develop specialized skills and experience in priority areas. It is developing career paths for Intelligence Analysts (IAs) that will allow them to pursue technical, as well as management, paths in their chosen jobs. The FBI has achieved a key milestone by extending the IA career path in field office from the GS-12 level to the GS-14 level in field offices.

The DI training management has been included in the New Agents and National Academy Curriculum Committees. The DI also controls the curriculum for the intelligence career services (ICS) Cohort Program. The Training and Development Division is scheduling ICS Cohort Program and New Agent classes to start on the same days in FY 2007 so that some of the in-processing and administrative matters may be covered jointly. Throughout FY 2006, NSB supported 11 joint exercises for new agents and IAs, offering analysts and agents an opportunity to work together on simulated cases while learning each other's roles in the investigative process and the intelligence cycle. This initiative is a derivative of the interaction between New Agent Training and the ICS Cohort Program.

Issue: The effectiveness of the FBI – in particular the FBI's leadership in various areas including counterterrorism – has suffered because of a lack of continuity due to frequent turnover among all levels of management at headquarters and in the field.

Action: FBI special agents join the bureau at an average age of 30, and are eligible for retirement at age 50 with 20 years of service. These agents are most valuable to the FBI at the very stage when they are eligible to retire, when many are highly marketable in the private sector as well. Even the most dedicated agents may find it difficult to remain with the FBI after they are eligible for retirement, particularly when faced with the prospect of transferring to a high-cost area to advance their FBI career. Further, family and education obligations also may be at the highest levels at this point.

To address this issue, the FBI has launched a number of initiatives. Representatives of the FBI's Executive Development and Selection Program (EDSP) are developing a database designed to assist in Senior Executive Service (SES) succession planning. The FBI's Training and Development Division is formulating an "FBI Leadership Training Framework" that will provide the basis for a comprehensive leadership development program. The Strategic Leadership Development Plan will provide techniques for identifying leadership needs and problems; articulate a program designed to enhance leadership knowledge, skills, and abilities throughout an employee's career; and relate leadership development to the FBI's strategic mission in its top priority programs. The FBI is evaluating several possible measures to lengthen tenure in SES positions, particularly at FBI Headquarters, including the increased use of retention bonuses and other incentives. The FBI will continue to explore options for retention, including the enhanced use of a variety of financial incentives and staffing flexibility in order to help the FBI cope with these factors.

Issue: Although the FBI recently has made progress in improving its management of IT upgrades, agents and analysts will not benefit from a fully functional case management system for several more years.

Action: The FBI has established a realistic timetable to incrementally design, develop, integrate, test, and implement SENTINEL in four phases. Each phase will introduce new capabilities and provide greater access to existing information, while easing user transition, training, deployment, and support. Phase 1 is scheduled for delivery in April 2007, and will provide immediate benefits to agents, analysts, and supervisors by providing a web-based interface to legacy data. It also will allow users to better manage their workload by pushing their cases, leads, and action items to their personal workboxes. Phase 2, scheduled for May 2008, will provide greater document management and will automate workflow.

Issue: The FBI does not always allocate agents responsible for maritime security according to the threat and risk of a terrorist attack on a given seaport.

Action: The FBI's Counterterrorism Division is in the process of reformulating a previously submitted answer to this issue, which will be forwarded to FBI Inspection Division and subsequently to DOJ OIG by an 11/06/2006 deadline.

2. Sharing of Intelligence and Law Enforcement Information

Challenges to sharing information are addressed under Challenge 3, "Information Technology Systems Planning, Implementation, and Security," and Challenge 9, "Civil Rights and Civil Liberties."

3. Information Technology, Planning, Implementation, and Security

Issue: The OIG has found that the Department lacks the ability to track the cost of its major IT systems and exercises little direct control over components' IT projects. Historically, Department components have resisted any form of centralized control over major IT projects, and the Department's Chief Information Office (CIO) does not have direct operational control of component IT management. The OIG believes the Department should consider providing increased control to the CIO for certain high-risk functions and for individual components experiencing difficulty with particular IT systems. These high-risk functions may include hiring for critical positions, completion of system requirements, and oversight of contract administration.

Action: The DOJ traditionally has followed a de-centralized management approach, which is not conducive to intense control over component programs and systems. In the last four years, however, the Department has put some mechanisms in place to help the Deputy Attorney General (DAG) and the CIO provide better oversight of high risk or problem projects. One such mechanism, the Department Investment Review Board, chaired by the DAG with the CIO as Deputy Chair, meets approximately twice a month to review progress and issues related to major Department IT programs.

The CIO will put forward a recommendation to the DAG for improving the control, management, and oversight of large, expensive IT projects at both the Department and the component levels. For the Department to gain more control of high risk functions, there would need to be significant structural changes made to its budgeting, hiring, and contracting processes. Fundamental changes internally, with the components, and on the Hill are needed to help persuade the components to act more like a single organization and use "corporate assets" rather than expand their own infrastructure and support systems for their IT needs.

Issue: The FBI has not yet fully staffed the SENTINEL Program Management Office, and there is still uncertainty over risk mitigation, contingency planning, and total project costs of SENTINEL.

Action: The SENTINEL Project Management Office (PMO) has adjusted its staffing level to be funded for 73 positions. Currently, it has a staff of 65 persons, and has been actively recruiting an intelligence analyst and a training planner. Six Operations and Maintenance positions are being actively recruited. The PMO reviews staffing on a weekly basis and has successfully filled what it considers to be normal attrition since the inception of the project.

The FBI has instituted a risk management process to identify and mitigate the risks associated with the SENTINEL project. The process is managed by the SENTINEL Program Manager and a Risk Review Board that meets biweekly. The most significant risks identified are examined at monthly Program Management Review sessions and other SENTINEL oversight meetings, in accordance with the FBI's Life Cycle Management Directive. In addition, the risks, along with other significant program information, are presented to the FBI Director and his senior leadership team weekly; to a combined senior review team from DOJ, OMB, and DNI monthly; to the CIO Advisory Council on a bimonthly basis; to the FBI Director's Advisory Board when called on; and quarterly to any/all of the eight Congressional oversight committees that review the progress of SENTINEL. The PMO currently is developing contingency plans for all medium and high risks, in accordance with the FBI's risk management plan.

The FBI is committed to delivering SENTINEL on schedule and within budget. The Independent Government Cost Estimate is an estimate showing realism for proposal evaluation purposes. Market changes in labor and rapid changes in commercial off-the-shelf (COTS) technology are the prime reasons for variances. The PMO has been updating the OMB300 and the annual budget request with actual costs as they are known to ensure the most accurate reflection of total project costs. The PMO is confident that it will be able to effectively monitor and manage SENTINEL resources.

Issue: The Department's current wireless capabilities do not provide law enforcement officers and agents with the support they need because the 15- to 20-year-old communications systems infrastructure results in degraded coverage, reliability, and usability. Further, antiquated, stove-piped,

land mobile radio systems provide only limited federal-to-federal and federal-to-State and local interoperability.

Action: Through the Integrated Wireless Network (IWN), DOJ will replace the aging wireless systems of the ATF, DEA, FBI, USMS and OIG with a consolidated set of communications services that support DOJ's tactical law enforcement and counterterrorism missions. In the second quarter of FY 2007, the Department expects to procure the services of a systems integrator to develop and deploy the IWN. Meanwhile, DOJ has implemented a pilot system in the State of Washington and has taken several interim steps to consolidate and mitigate problems incumbent with the legacy systems.

Issue: The Department has some weaknesses in its management, operational, and technical controls for sensitive but unclassified and classified systems, as well as in its oversight program and related management controls. Components are not being held accountable for completing documentation and testing systems, and stronger monitoring of the Department's certification and accreditation process could identify and correct many of the reported system weaknesses.

Action: In 2005, the OCIO developed an oversight program and methodology for monitoring IT performance, including IT security. The Department's IT security methodology is closely aligned with the control requirements in the DOJ IT Standards, FISCAM, and existing automated tools used to support the FISMA requirements within the Department. In FY 2007, DOJ will continue to implement corrective actions for identified weaknesses in the areas of access controls, patch management, and baseline secure configurations, as well as improve overall testing of controls to ensure they are effectively designed and functioning properly. The DOJ IT Security Staff (ITSS) will accelerate the review of certification and accreditation documentation and control implementation for adequacy, completeness, and quality. Quality reviews will ensure that controls are adequately implemented; that implementation is adequately documented (e.g., control compliance descriptions and actual results in the system security plan); and that, where weaknesses are found in control implementation, plans of action and milestones (POA&Ms) are created, funded, and managed. Lastly, the OCIO will provide additional training to components in all areas of certification and accreditation, self assessments, control validation, and POA&M management.

The Department will continue to monitor progress through the IT Security Dashboard and the IT Management Scorecard. The ITSS and the Department's IT Security Council will continue to monitor IT security problem areas to identify systemic issues and formulate recommended solutions. For components with significant deficiencies, the CIO will continue its practice of monthly progress review meetings and, where appropriate, apply additional resources to bring about desired results.

The Department will initiate a CIO/CIO Council-sponsored assessment of the DOJ IT Security Program that will focus on priorities and program planning, implementation, and management. Furthermore, to bolster senior program official commitment to IT security implementation in the components, CIO performance work plans will include elements for IT security.

Issue: It is not clear what procedures the components follow internally when responding to data breaches or losses. A significant challenge many components face is the ability to identify the specific information contained on lost or stolen laptop computers and other IT equipment.

Action: The DOJ Computer Emergency Readiness Team (DOJCERT), the central organization within the Department to which components report data loss and computer security incidents, is in the process of establishing clearly defined guidance, comprehensive training, and regular meetings with component incident response teams (IRTs).

At the beginning of each FY, DOJCERT updates the Incident Response Plan (IRP) template that components follow in developing or updating their system IRPs. In this year's update, DOJCERT has added a new section focusing specifically on data loss reporting. It aligns with requirements set forth by OMB and US-CERT and defines specifically the information components need to gather when a data breach or loss occurs.

In addition, during FY 2007, DOJCERT will develop an Incident Response (IR) Handbook components can use when investigating incidents. It will identify the information to be gathered during and following an incident and techniques to compile all essential information, including the type of data included on lost equipment. It will also describe a method for identifying the level of residual risk associated with each incident as it is resolved. This will align with a new field in the DOJCERT Incident Reporting Database that will be used to measure the residual risk assigned to each incident.

To reinforce this written guidance, DOJCERT is incorporating it into the DOJ employees' annual training. Within the Department's annual Computer Security Awareness Training, DOJCERT has created a section addressing IR and discussing specifically the need to report lost or stolen IT equipment. Additionally, DOJCERT is working with the CERT Coordination Center (CERT/CC) at Carnegie Mellon University to develop an IR training course within the virtual training environment. A section of the course will address data loss incidents. Component IRT members will complete the web-based course as part of their annual training requirement.

4. Violent Crime

Issue: The FBI's prioritization of counterintelligence and counterterrorism has resulted in shifting agents, analysts, and other resources from traditional criminal investigations to counterterrorism and counterintelligence activities. As a result, the Department is investigating and prosecuting significantly fewer traditional criminal matters than it did prior to September 11, 2001. State and local law enforcement officials have indicated that their investigative caseloads have increased following the FBI's post-September 11 reprioritization. Approximately 50 percent of respondents to an OIG survey of State and local law enforcement agencies indicated that the overall crime rate in their agencies' jurisdiction had increased during the 5-year period from FY 2000 - FY 2004: 41 percent of respondents said violent crime against persons had increased; 24 percent said gang-related crimes had increased; and 17 percent cited a rise in bank robberies. Many of these State and local officials have expressed concern about their agencies' ability to handle the increased workload and that the complex crimes that the FBI previously had handled often exceeded their departments' resources, expertise, and jurisdiction. In contrast, other local representatives said they did not believe the FBI's reduced involvement in these areas had negatively impacted their agencies' operations.

Action: Although the FBI has attained significant statistical accomplishments in the Violent Crimes Program, the number of agents it has dedicated to violent crimes has been significantly reduced. The FBI has offset these losses, in part, by aggressively combating violent crimes through the development of new violent crime task forces and leading nationwide initiatives such as the Innocence Lost child prostitution initiative, Project Welcome Home international fugitive return initiative, the Indian Gaming Working Group, and the creation of Child Abduction Rapid Deployment Teams. The FBI is leading the way in technological and intelligence innovations that will greatly assist all federal, State, and local law enforcement agencies in identifying crime trends, distributing law enforcement resources, and locating and apprehending perpetrators. Some of these innovations include the integration of fugitives into the Department of State passport lookout system, the Project Pinpoint intelligence mapping tool, the Choice Point Registered Sex Offender Locator Tool, and Violent Crime-Wireless Intercept Tracking Teams.

Issue: The Department has allocated less money to State and local governments for crime prevention. Several local leaders have noted that the shift of federal priorities to terrorism prevention has resulted in less federal funding to combat domestic crime, reductions in police department staffing levels, and more strain on the courts and corrections components of local criminal justice systems.

Action: OJP focuses its limited resources on those priorities and locations that can have the greatest impact. Its Strategic Plan, covering FY 2007 through FY 2012, provides a framework to focus funding to optimize the return on investment of taxpayer dollars.

The COPS Office, through its consistent interaction with law enforcement professionals, is aware of the needs of local law enforcement. As a result, COPS directs its limited funding to key areas. For example, in FY 2006, COPS funded a Tribal initiative that focused on the creation of various training and knowledge products aimed at addressing chronic public safety issues. The COPS Office will continue to focus its resources to maximize the impact of grant funding for State, local, and tribal law enforcement.

Issue: An OIG review determined that while the ATF's Violent Crime Impact Teams (VCIT) strategy may be an effective tool to reduce violent crime in targeted areas, there is inconsistent application by local VCITs of key elements of the strategy. The OIG also found that ATF's claim in January 2006 that it had met its stated goal was based on insufficient data. In light of the ATF's plans to expand the VCIT program to 15 additional cities in 2007, the Department must consistently implement and evaluate the VCIT strategy in these cities in order to improve the effectiveness of the ATF's efforts to target gun violence in specified urban areas.

Action: To address the OIG recommendation that "the Department must consistently implement and evaluate the VCIT strategy in these cities in order to improve effectiveness of the ATF's efforts to target gun violence in specified urban areas," ATF is issuing guidance to its Field Divisions directing VCITs to tailor the ten best practices – identified during ATF's evaluation of the program – to local conditions. Additionally, ATF will use a survey to assess the intensity with which each of the best practices is being used.

Issue: There is a need for BOP, as well as State and local corrections facilities, to prepare inmates for life after prison. Studies show that more than half of all offenders are re-arrested within 3 years after release. According to reports from the Bureau of Justice Statistics, "The reentry of serious high-risk offenders into communities across the country has long been the source of violent crime in the United States."

Action: The BOP has an active and evolving release preparation program to assist prisoners in reentering the community successfully. This program targets specific inmate needs and focuses on skills acquisition. Reentry skills are a point of focus from initial designation to the successful transition back to the community.

5. Financial Management and Systems

Issue: While the Department's goal is to move to more of a year-round versus a year-end financial reporting effort, most components are still hobbled in meeting that goal by the lack of automated financial accounting processes. To address this issue, the Department has placed great reliance on the planned Unified Financial Management System (UFMS) as the fix for many of these automation issues. The UFMS would standardize and integrate financial processes and systems to more efficiently support accounting operations, facilitate preparation of financial statements, and streamline audit processes. However, the Department's efforts over the past few years to implement the UFMS to replace the seven major accounting systems currently used throughout the Department have been subject to fits and starts.

Action: During FY 2006, the Department continued to demonstrate progress to remediate internal control weaknesses, which included corrective actions for tracking and measuring timely compliance and resolution. Departmental progress was demonstrated within the internal control framework, accrual accounting methodology, grant accounting and monitoring, and through establishment of financial management policies and procedures to enhance controls over financial reporting. A major key to the plan for improving audit performance is the development and deployment of a core financial system, the Unified Financial Management System (UFMS), throughout the Department. The UFMS will enhance financial management and program performance reporting by making financial and program information more timely, relevant, and accessible.

6. Detention and Incarceration

Issue: An OIG review found that BOP's monitoring procedures, intelligence analysis, and foreign language capabilities were deficient. It found that BOP does not adequately read the mail or listen to the telephone calls, visitor communications, or cellblock conversations of terrorists or other high risk inmates. The review also found that BOP does not have sufficient resources to translate inmate communications in foreign languages and lacks staff adequately trained in intelligence analysis techniques to properly assess terrorist communications. Also, BOP is not screening for terrorist connections in organizations that assist it with recruiting religious services providers.

Action: The BOP's response to the OIG's report issued September 27, 2006, detailed its intended corrective action. The thirteen recommendations have been resolved and BOP is in the process of implementing the actions identified.

Issue: The Department must try to keep drugs out of federal prisons and rehabilitate drug-addicted inmates. In January 2003, the OIG issued a review that found the BOP did not search visitors or monitor visiting rooms adequately, did not search staff or take sufficient measures to prevent drug and other contraband smuggling by BOP staff, and did not provide adequate non-residential drug treatment to inmates.

Action: The BOP has implemented corrective action to resolve and close seven of the thirteen recommendations identified in the OIG's report. The BOP is currently working on implementing corrective action on the six remaining resolved recommendations, all of which require changes to rules language and/or policy revisions.

Issue: The OIG believes the Department could realize significant cost savings if it addressed deficiencies in how prices are set in individual Intergovernmental Agreements (IGAs) with State and local agencies for detention bed space. It appears that the OFDT's revamping of the IGA pricing process through a statistical pricing model known as eIGA may result in the Department paying higher jail-day rates than necessary. Also, the OIG believes that the USMS needs to improve its procedures for establishing and monitoring IGAs. The OIG has encouraged the Department to attempt to recover overpayments made to State and local jails.

Action: OFDT does not agree that the electronic Intergovernmental Agreements (eIGA) process will lead to an unwarranted increase in rates. Under the current system, only the actual or allowable costs of individual jails are examined, so the reasonableness of costs is never challenged. However, under the eIGA approach, a price analysis is conducted using comparisons to similar jails with similar operations to determine a fair and reasonable jail rate without requiring an evaluation of individual cost elements. A price analysis supports a negotiation position that permits the Government and the jailer an opportunity to reach agreement on a fair and reasonable price that provides the greatest incentive for efficient and economical performance. (A fair and reasonable price does not require that agreement be reached on every element of cost.) In the eIGA process, federal government negotiators establish a fair and reasonable price by evaluating the offered rate through comparison to the eIGA Core Rate (government estimate); rates at other federal, State and/or local facilities; previously proposed rates; and previous Government private jail contract prices.

The current method of determining the rate – and rate increases – on the basis of cost provides an incentive to jailers to increase cost elements that are allowable federal prisoner housing costs in order to receive higher jail rates. The eIGA method provides maximum incentive for the jailer to control costs and perform effectively and imposes a minimum administrative burden upon each party.

With regard to "overpayments made to State and local jails," the OFDT maintains that the agreements incorporated a "fixed rate" and, accordingly, the agreements with the State and local governments were negotiated, fixed-price agreements for the period in question, and the parties were bound. OFDT believes that, in the absence of fraud, the agreements are not subject to retroactive adjustment.

To enforce the need for districts to comply with established IGA management policy, USMS has initiated regular communication to the districts via telephonic and written methods. It has developed a much enhanced Justice Detainee Information System upgrade, which will provide reports designed to better track IGA information. In turn, using these reports, USMS can evaluate the effectiveness and efficiency of the program and make adjustments and corrections to problem areas. The IGA Branch is increasing its staffing to meet the substantial workload of the IGA program, and, in FY 2007, it expects funding for training, allowing IGA Branch staff to gain additional knowledge in areas such as price/cost analysis and negotiation techniques.

7. Supply and Demand for Drugs

Issue: For the second consecutive year, more State and local law enforcement agencies nationwide identified methamphetamine as the drug that poses the greatest threat in their area.

Action: DEA is very aggressive in training drug law enforcement counterparts with respect to methamphetamine investigations. Since FY 1999, DEA has trained a total of 9,704 State and local law enforcement officers in identifying and cleaning up clandestine laboratories. To expand and improve its efforts, DEA is beginning the construction of a new state-of-the-art clandestine lab training facility at the DEA Academy in Quantico, Virginia in the fall of 2006.

The DEA has redirected the focus of its Mobile Enforcement Teams to prioritize deployments to assist with methamphetamine investigations. Currently, the teams are focusing on targeting methamphetamine PTOs and clandestine laboratory operators in areas of the United States that have a limited DEA presence.

With the significant reduction in the number of domestic small toxic labs, DEA's Clandestine Laboratory Enforcement Teams will expand their efforts beyond dismantling methamphetamine labs to include the targeting of Mexican methamphetamine trafficking organizations. Current drug and lab seizure data suggests that roughly 80 percent of the methamphetamine used in the United States comes from larger labs, increasingly in Mexico, and that approximately 20 percent comes from small toxic laboratories. Since 2001, DEA has disrupted or dismantled in excess of 500 Priority Targets where methamphetamine was the primary drug involved.

The DEA, with the support of the Department of State and other U.S. law enforcement agencies, has provided or sponsored training to over 450 Mexican students since 2001 in the areas of clandestine laboratories, chemical training, and related prosecutions. Training has been provided both to officials who regulate precursor chemicals and pharmaceuticals at the State and Federal level within Mexico, as well as agents from the Agencia Federal de Investigaciones and a number of prosecutors within the Mexican Organized Crime Unit.

In response to the FY 2006 Department of Justice Appropriations Act, DEA established a Methamphetamine Task Force (MTF). The MTF is comprised of three DEA special agents, two diversion investigators, three attorneys, and one program analyst. The purpose of the Task Force is to improve and target the federal government's policies with respect to the production and trafficking of methamphetamine.

Issue: In recent years, there has been a dramatic increase in the diversion of controlled pharmaceuticals. Although the need for special agent assistance in diversion investigations has increased significantly since a previous review, the OIG found that the time spent by special agents assisting diversion investigations still constitutes a small share of their total investigative effort. Also, the Department has not provided law enforcement authority for its diversion investigators. Further, the support that intelligence analysts provide to diversion groups in the field has continued to be limited, and intelligence analysts and special agents still receive minimal diversion control training.

Action: The Department's Office of Personnel approved law enforcement authority for DEA diversion investigators on 8/30/06, and the Office of Personnel Management is reviewing the matter.

DEA has taken action to update its diversion control training for special agents and intelligence analysts to improve the support of diversion investigations. In addition, DEA is implementing an Action Plan that includes:

1. providing diversion investigators with adequate special agent support until the DEA diversion investigator position is converted to a position with law enforcement authority;
2. ensuring that DEA special agents who frequently assist with diversion investigations attend the week-long diversion training school;
3. providing training to intelligence analysts on topics that would effectively support diversion investigations;
4. updating the diversion control training video used in the special agent and intelligence analyst training academies to include current issues such as diversion using the Internet;
5. ensuring that diversion investigators receive training in skills necessary for conducting Internet investigations, such as financial investigations; and
6. fully implementing the program to provide undercover credit cards to diversion investigators.

8. Grant Management

Issue: The Department needs to improve its overall oversight of the grant process, including closeout. The creation of the Office of Audit, Assessment, and Management within OJP got off to a slow start during the past year.

Action: During FY 2006, OJP implemented significant changes to improve oversight of the grant process, including updating its grant monitoring requirements in the Grant Managers' Manual, automating the Grant Adjustment Notice (GAN) process, modifying its business policy for when grants are considered overdue for closure, and addressing the backlog of grants overdue for closure. During FY 2006, OJP modified its business policy to count grants as overdue for closure 120 days after the end of the project period, rather than 180 days after. By automating the GAN process, OJP reduced the time to respond to grant adjustment requests by 10 days and was able to notify grantees of decisions regarding grant adjustment requests via the Grants Management System (GMS). During FY 2007, OJP will automate the grant closeout process and implement a requirement that all programmatic monitoring efforts be conducted and documented in GMS.

The statutory provision that created the new Office of Audit, Assessment, and Management (OAAM) was signed into law on January 5, 2006, and generally was not effective until 90 days later, with certain portions not effective until October 1, 2006. The proposed new organization chart for OJP is being reviewed by the Department.

In FY 2006, the COPS Office began conducting a comprehensive grant-related business process review. It developed business process maps depicting the "as-is" processes for the entire grant management lifecycle, including application review, grant maintenance, grant monitoring, and grant closeout. After capturing "as-is" business processes, staff members identified potential gaps in the processes as well as candidate ideas for improvement. A comprehensive set of improvement recommendations was made, and, as a result, the COPS Office Executive Management prioritized five improvement projects for FY 2007.

A number of institutional structures ensure that OVW funds are spent for their intended purposes. First, internal and external peer reviews ensure that all grant applications meet solicitation requirements. Second, OVW, in conjunction with OJP's Office of the Comptroller, monitors "draw down" and expenditure of awarded funds. Financial status reports from recipients are closely examined to ensure that funds are being spent as scheduled; are dedicated to costs allowable by program objectives, the terms of the agreement, and DOJ fiscal requirements; and are in compliance with Federal cash management regulations and OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as appropriate. Third, the OIG and OJP's Office of the Comptroller conduct on-site reviews to determine whether: (1) grantees are properly accounting for the receipt and expenditure of federal funds, and (2) expenditures are in compliance with federal requirements and award special conditions. Fourth, OVW program specialists closely review financial reports and progress reports to ensure that funds are being spent for program purposes. Finally, OVW management rigorously assesses requests for no-cost extensions and changes to grant budgets. OVW will be implementing changes and additional policies and practices to improve their handling of closeouts.

Issue: The Department lacks performance standards, measures, and data to determine what its grants accomplish.

Action: The OJP Strategic Plan for FY 2007-FY 2012 includes performance measures that represent a cross section of OJP's key programs. The measures will be used to gauge the progress in achieving OJP's four strategic goals. In its annual budget submission, OJP will report specific baseline and target values to OMB for programs that are subject to Program Assessment Rating Tool (PART) assessments. To strengthen performance standards, measures, and data that support grant accomplishments, OJP will conduct "mini-PART" assessments of its programs during FY 2007.

In FY 2006, the COPS Office received approval from OMB on a new set of annual and long term performance measures focusing on the Office's performance in meeting its mission to advance community policing. The performance measures will assess the impact of COPS grant resources and knowledge products (training/technical assistance and publications) on increasing the capacity of grantees and knowledge resource recipients to implement community policing strategies.

The OVW collects data from multiple measures for each of its 12 grant programs. A key outcome-focused performance measure is the percent of victims requesting services who received them. Other performance data collected by OVW focuses on apparent outputs rather than long-term outcomes. However, such measures reflect whether grantees are implementing promising approaches that have a demonstrated impact on victim safety and offender accountability. The OVW has baseline data for all of its annual performance measures.

In 2001, OVW, with the help of the Muskie School of Public Service, University of Southern Maine, established the VAWA Measuring Effectiveness Initiative and has developed semi-annual progress report forms for each of its discretionary grant programs. (The STOP formula program requires State administrators to report annually on their awards and provide detailed annual sub-grantee data.) These reports request specific data on grantee activities, from victim services to training to criminal justice functions. They are designed to require input from all project partners who receive funding. Each grantee must complete these progress reports and include performance data that relate to the annual performance measures.

Issue: The Department does not exercise its full authority to monitor grants, and it has failed to implement simple requirements that could provide greater assurances that the grantees are compliant with grant requirements.

Action: With respect to OJP, the OIG provides as an example only NIJ's Coverdell program, suggesting that "NIJ did not effectively implement a statutory [certification] requirement" in that it did not give applicants certain "necessary guidance" and also "did not require grant recipients to name the entity" described in the statutory requirement to which the OIG refers. The OJP notes that, although nothing in the Coverdell statute requires guidance along the lines the OIG suggests , NIJ actually did provide such guidance to applicants (and required new certifications) before making awards for FY 2005. Also, NIJ included such guidance in its program announcement for FY 2006. (The OIG recently has indicated, in fact, that it intends to "close" its recommendation to OJP with respect to the provision of guidance.)

Regarding the OIG's criticism that, in FY 2005, NIJ "did not require grant recipients to name the entity" referred to in the certification requirement, OJP notes that, while the OIG for some time disputed OJP's position on the requirements imposed on it, the OIG's General Counsel, in August 2006, agreed with OJP that the law does not obligate OJP or NIJ to require grant recipients to name the entity. As documented in a letter from the Department's Office of Legal Counsel (OLC) to OJP's General Counsel, dated August 3, 2006, "the General Counsel for OIG has informed [OLC] that the OIG, like OJP, believes that the [statutory certification requirement to which OIG refers] is satisfied as a legal matter when OJP receives a basic certification from an applicant that replicates the language of [the certification requirement]." Moreover, OLC has taken the position (consistent with OJP's in connection with the OIG review), that "there is a significant legal question whether in FY 2005 OJP had authority under the Coverdell program to impose additional requirements" such as a requirement to "name the entity" with a process in place to conduct independent, external investigations. We also note that a recent change in the law gives OJP express legal authority to require that Coverdell applicants "name the entity." The OJP has agreed to do so beginning with the FY 2007 Coverdell program announcement.

In FY 2006, the COPS Office developed a risk-based approach to monitoring that will allow it to increase its oversight of grantees by better targeting site visits and office-based grant reviews (OBGRs) to those grantees at highest risk of performance problems and non-compliance with grant requirements. In FY 2007, COPS will focus resources toward targeting 100% of those grantees classified at the highest risk. The COPS Office will continue its financial monitoring activities by focusing on data discrepancies, delinquent reporting, excess cash reconciliation, review of grantees' 269A submissions, matching drawdowns to expenditures, and reviewing grantee final reports. Finally, COPS plans to increase efforts and resources toward resolving existing non-compliance issues generated from past on-site visits and OBGRs.

All OVW program specialists, who are responsible for managing 99% of its grants and cooperative agreements, are subject to performance work plans that hold them accountable and require them to monitor grantee "progress and compliance with applicable guidelines and regulations."

All OVW grant program specialists are required to conduct a number of grant monitoring activities, including: reviewing grantee progress reports, conducting on-site monitoring visits for a minimum of 10% of their grantees each fiscal year, conducting at least one desk audit for each grant during a 24 month cycle, and reviewing all grantee semi-annual progress reports. The latter are submitted through an on-line system which OVW implemented as part of its Measuring Effectiveness Initiative. The on-line system has greatly enhanced OVW tracking of both the timely submission of progress reports by grantees and the review of the progress reports by program staff. This improved review process has afforded OVW a greater opportunity to identify grantees who may be performing outside the scope of their grant award.

For grantees, program partners, and sub-grantees, OVW enforces the guidelines in OJP's Office of the Comptroller's Financial Guide. Further, OVW holds grantees and program partners accountable for costs through an internal and external peer review process, conducted on a pre-award basis. As part of this process, reviewers assess the cost effectiveness of proposed projects and evaluate whether the individuals and organizations involved are qualified to implement each project. OVW may request that successful applicants revise their grant budgets based on this review process.

Finally, each year, OVW reviews and revises its solicitations to reflect the current statutory purpose areas and eligibility requirements and to ensure that OVW funds will reach the intended beneficiaries. In a clear, specific, and uniform manner, solicitations for all OVW grant programs outline eligible applicants, certification requirements, activities within the scope of the program, program priority areas and, if relevant, special conditions for funding, as well as activities that may compromise victim safety.

Issue: In its review of the COPS Office's administration of the methamphetamine grant program, the OIG found a lack of coordination among COPS officials, weaknesses in the database used to manage and track grants, and insufficient and inconsistent monitoring of grantees.

Action: The COPS Office has formalized and re-structured its Meth Team to include key staff from all grant-making divisions. The new interdivisional structure of the Team includes regular participation and meetings on a weekly basis to discuss the latest actions and share upcoming activities. This restructuring has promoted communication and more consistent oversight among divisions responsible for methamphetamine projects. The Office is ensuring that staff involved with data entry of methamphetamine grants are fully trained and is conducting quality control checks of the COPS Management System (CMS) on a regular basis. The COPS has updated the CMS user manual to specifically include the Methamphetamine Training Module and has notified staff members of its posting on the COPS Intranet.

9. Civil Rights and Civil Liberties

<u>Issue</u>: The Department must integrate its new Office of Privacy and Civil Liberties (OPCL) in the work of the Department so that office can play a meaningful role in the development and implementation of Department policy that may affect civil rights and civil liberties issues.

<u>Action</u>: In addition to creating the Privacy and Civil Liberties Board, the Chief Privacy and Civil Liberties Officer (CPCLO) meets on a weekly basis with the FBI's Chief Privacy Officer, and on a monthly basis with privacy officers for ATF, DEA, and USMS, to address privacy and civil liberties issues. The CPCLO has appointed the Deputy Chief Privacy and Civil Liberties Officer (DCPCLO) to be OPCL's main interface with the new National Security Division.

<u>Issue</u>: The OIG has recommended that the Department and DHS enter into a memorandum of understanding (MOU) to formalize policies, responsibilities, and procedures for managing a national emergency that involves alien detainees. Both the Department and DHS agreed with the recommendation and began negotiating language for the MOU, but it still has not been finalized.

<u>Action</u>: The OPCL will work with the component responsible for coordinating with DHS to complete the MOU.

<u>Issue</u>: The Department's efforts to collect and share information with its law enforcement and intelligence partners present a significant challenge to its efforts to protect civil rights and civil liberties. The Department has a need for effective intelligence tools and, at the same time, must observe existing legal, operational, and administrative constraints on these potentially intrusive authorities.

<u>Action</u>: The CPCLO co-chairs the President's Information Sharing Environment Guideline 5 Working Group, along with the Civil Liberties Protection Officer for the Office of the Director of National Intelligence. The Guideline 5 Working Group has drafted Guidelines for Protecting the Privacy and Other Legal Rights in the Information Sharing Environment. In addition, the OPCL has been engaged in launching the "One-DOJ" environment, which facilitates the sharing of departmental information with regional partners through the Department's Regional Data Exchange System. The OPCL will continue to advise the Department on all of its information sharing initiatives.

<u>Issue</u>: Investigative and intelligence authorities enacted or expanded in the Patriot Act and the Patriot Improvement and Reauthorization Act invest broad new information-gathering powers in FBI agents and their supervisors, often permitting these tools to be approved at the field office level on a minimal evidentiary predicate. This means that the FBI – and other law enforcement or intelligence community agencies with access to FBI databases – is able to review and store information about American citizens and others in the United States who are not subjects of FBI foreign counterintelligence investigations and about whom the FBI has no individualized suspicion of illegal activity. Consequently, the Department – and the FBI, in particular – need to be mindful of the potential for any abuse of these authorities and the need for aggressive oversight by first-line supervisors, field office and headquarters managers, legal counsel, and established internal and external oversight mechanisms.

<u>Action</u>: The Congress, the President, the Attorney General, and the Director of National Intelligence have mandated that the FBI give the highest priority to countering terrorist activities against the territory, people, and interests of the United States. At the same time, the FBI fully appreciates its obligation to protect the legal rights of all Americans, including freedoms, civil liberties, information privacy, and others guaranteed by Federal law. Even for the areas of its highest priorities, the FBI must operate only in a manner consistent with the Constitution, applicable laws, Executive Orders, regulations, and other authorities to which it is subject. The FBI completely concurs that this is an important issue requiring that it be ever mindful of the potential for abuse and aggressively vigilant in guarding against any abuse. A 2004 internal communication from the Director to all FBI personnel emphasized this balance.

In 2005 the FBI again emphasized to all FBI personnel that, while information that has insufficient value to justify further investigative activity (at least at the time it is obtained) might legitimately be acquired during threat assessments, such information is often sensitive personal information, and measures should be taken to properly characterize its nature, protect it from inadvertent disclosure, and only use it as may be authorized by applicable policies and regulations.

FBI special agents and intelligence analysts receive job-specific privacy and civil liberties training, including an overview of the Attorney General's Guidelines, first amendment issues, the Privacy Act, and the protection of civil liberties. In 2006, all FBI employees received training on the U.S. Constitution and the protections in the Bill of Rights.

Further, in 2006 the FBI restructured the previously established position of FBI Senior Privacy Official to that of FBI Privacy and Civil Liberties Officer (PCLO) and created a new Privacy and Civil Liberties Unit (PCLU). Among its responsibilities, the PCLO/PCLU reviews FBI Privacy Impact Assessments (PIAs) for identification and appropriate resolution of privacy/civil liberties issues.

The PIA is an excellent tool to determine whether collections of data adequately protect privacy and civil liberties. While the e-Government Act of 2002 excludes national security systems from the PIA requirement, the Department requires that PIAs be prepared for such systems. The OPCL works with all Department components to ensure that their systems protect the privacy and civil liberties of the American people, and the CPCLO is responsible for approving all Department PIAs. Sign-off follows an iterative approval process and occurs only when the OPCL is satisfied that a system maximizes the protection of privacy.

This spring, the OPCL issued official PIA guidance, a Privacy Threshold Analysis to determine whether a PIA is required, and a new PIA Template. Recently, the OPCL completed a half-day training session on drafting a PIA and complying with the Privacy Act. The OPCL is considering developing a "CLIA," a Civil Liberties Impact Assessment.

10. Cybercrime

Issue: The Department has created or expanded several organizations to focus on cybercrime, including the Internet Crime Complaint Center [FBI], the FBI's Cyber Division and its National Strategy, and the Criminal Division's Child Exploitation and Obscenity Section and the Computer Crime and Intellectual Property Section. Department initiatives to combat aspects of cybercrime include the Task Force on Intellectual Property, expansion of the Computer Hacking and Intellectual Property Program, and Project Safe Childhood. Although the Department has established a good foundation for fighting cybercrime, it must continue to build upon these initiatives to respond to the growing challenge.

Action: With the ever-increasing growth of the Internet, along with its chat rooms, file sharing, and illicit websites, it is important to fully protect against the online sexual exploitation of children. A prime example of FBI success in this area is the Innocent Images National Initiative. This program has expanded from 113 cases opened in 1996 to 2,135 cases opened in 2006. The FBI will continue to share its success with the media, with the hope of using the publicity as a deterrent to online predators. New technology and tools have improved the FBI's ability to track down these criminals and bring them to prosecution. The FBI will continue to work with the National Center for Missing and Exploited Children, the Office of Juvenile Justice and Delinquency Prevention's Internet Crimes Against Children task forces, and other public interest groups to improve outreach and education to parents and children through their local schools. The FBI also will continue to produce materials and web content to help educate teachers, parents, and children.

Theft of Intellectual Property Rights (IPR) is a rapidly growing occurrence, perpetrated by groups and individuals located in the United States and abroad. Intellectual property represents not only a serious economic asset, but many times is tied directly to national security. The FBI recognizes the importance of identifying and neutralizing operations targeting U.S. intellectual property in order to reduce the impact on the nation's security and economy. In 2006, the FBI opened 316 cases involving intellectual property violations, convicted 179 individuals, and collected over $111 million dollars in restitutions, recoveries, fines, seizures, and forfeitures. The FBI plans to expand its capabilities to address the needs of the future. Through its liaison with various associations, including the Motion Picture Association of America, the Recording Industry Association of America, the Business Software Alliance, and the Electronic Software Association, the FBI has obtained information that has populated a database of Warez sites, which is used to target egregious theft of intellectual property over the Internet. Information obtained from IPR liaison contacts continues to track Warez sites and other IPR targets that have direct impacts against the U.S. economy.

The Internet has become increasingly attractive to all segments of the population as a medium for everyday information-gathering, communication, and commercial activity. In recent years, law enforcement has witnessed a substantial growth in online criminal fraud. Valuable intelligence collected from private industry leads to the development of numerous productive FBI initiatives targeting escalating cybercrime trends, including Criminal Spam, International Re-shipping and Phishing/Identity theft. In Operation Web-Snare, a joint law enforcement and industry-driven initiative, more than 155 investigations were advanced, resulting in 115 arrests and millions of dollars in seizures and recoveries. Through this initiative, more than 870,000 victims were identified with losses exceeding $180 million dollars. Subsequent initiatives where substantial industry-based intelligence was crucial include the SLAM-Spam and Digital Phishnet initiatives. These law enforcement and industry collaborations have led to the initiation of more than 100 additional investigations, while continuing to leverage exponential intelligence and analytical resources from a growing list of key industry partners. These partnerships were quickly re-directed to focus on opportunistic cybercrime scams exploiting publicity and broad public support for victims of last years tsunami, as well as the recent hurricanes impacting the Gulf coast region of the United States. As a result, more than 150 investigations were rapidly developed and referred to law enforcement, domestically and abroad, and more than 2,000 websites have been disabled because of these projects.

The Criminal Division is working with the Department's Identity Theft Task Force to finalize a comprehensive governmentwide strategy to increase safeguards of personal information held by public and private entities, improve public outreach so that individuals can better protect themselves, and investigate and prosecute identity theft crimes when they occur. Also, in September 2006, the Criminal Division participated with the Identity Theft Task Force in developing federal guidance for agencies pertaining to responding to data breaches, developing standard police reports for identity theft, and improving government data security.

In September 2006, the Criminal Division contributed to the ratification of the Convention on Cybercrime, completing a nearly 10-year negotiation and ratification process. This Convention will strengthen the nation's ongoing international leadership role in cybercrime issues and facilitate rapid international cooperation in cybercrime cases.

Lastly, the Criminal Division participated in developing the Progress Report of the DOJ Task Force on Intellectual Property. In June 2006, the Attorney General issued the Report detailing the successful implementation of all 31 recommendations from the Task Force's 2004 report. The implementation of these recommendations represents achievements by the Department in combating intellectual property theft committed over the Internet.

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FMFIA Corrective Action Plans

FMFIA SECTION 2 – PROGRAM MATERIAL WEAKNESS

<table>
<tr><td colspan="2">U.S. DEPARTMENT OF JUSTICE
Corrective Action Plan
Issue and Milestone Schedule</td><td colspan="3">Date Report Submitted and Corresponding FY and Quarter
October 2, 2006
FY 2006 4th Quarter</td></tr>
<tr><td colspan="2">Issue Title
Prison Crowding</td><td colspan="2">Issue ID
06BOP001</td><td>Component Name
Bureau of Prisons</td></tr>
<tr><td colspan="5">Issue Category (Please check appropriate box.)
FMFIA, Section 2 ☐ Reportable Condition ☒ Material Weakness
FMFIA, Section 4 ☐ Non-conformance
OMB A-123, Appendix A ☐ Reportable Condition ☐ Material Weakness</td></tr>
<tr><td colspan="5">Issue Category – SAT Concurrence or Recategorization (components are to leave blank)
Concur</td></tr>
<tr><td colspan="5">Issue Description
As of September 30, 2006, the BOP crowding rate at facilities housing federal inmates was 36 percent over the rated capacity. To date, the BOP continues to manage the growing federal inmate population by contracting with the private sector and using State and local facilities for certain groups of low security inmates, expanding existing institutions (where programmatically appropriate and cost effective to do so), and building new facilities. Effective use of these approaches will allow BOP to keep pace with the growing inmate population and gradually reduce the crowding rate, thereby ensuring safe and secure operations in facilities housing federal inmates.

The Bureau's (owned and operated) institution-based population was 162,514 as of September 30, 2006, an increase of 3,013 inmates over the 159,501 inmates housed on September 30, 2005. It should be noted that the total Bureau population (including contract facilities) increased by 5,190 during FY 2006. The population projections were revised during August 2006 based on the Office of Research's analysis of data provided by the Administrative Office of the United States Courts.

We project the population will continue to grow and is projected to reach 226,379 by September 30, 2012. Through the construction of new facilities, expansion of existing institutions, and acquisition of additional low security contract bed space, our Long Range Capacity Plan projects a rated capacity of 122,496 by September 30, 2007. Should new construction and expansion plans continue through FY 2012 as planned, crowding is projected to be 29 percent over the projected rated capacity.</td></tr>
<tr><td colspan="5">Business Process Area (complete for Appendix A issues only; N/A for Section 2 and Section 4 issues)
Not Applicable</td></tr>
<tr><td>Date First Identified
2006</td><td>Original Target Completion Date
09/30/2012</td><td colspan="2">Current Target Completion Date</td><td>Actual Completion Date</td></tr>
<tr><td colspan="2">Issue Identified By
Bureau of Prisons</td><td colspan="3">Source Document Title
Self-identified</td></tr>
<tr><td colspan="5">Description of Remediation
Increase the number of federal inmate beds to keep pace with projected increases in the inmate population. Efforts to reach this goal include expanding existing institutions, acquiring surplus properties for conversion to correctional facilities, constructing new institutions, utilizing contract facilities, and exploring alternative options of confinement for appropriate cases.</td></tr>
<tr><td colspan="2">Milestones</td><td>Original Target Date</td><td>Current Target Date</td><td>Actual Completion Date</td></tr>
<tr><td colspan="2">1. As of September 30, 2006, the Bureau's institution population reached 162,514 and was housed in capacity of 119,510, resulting in a crowding rate of 36 percent.</td><td>09/30/2006</td><td></td><td>09/30/2006</td></tr>
</table>

2. Planning estimates call for a rated capacity of 122,496 to be reached by close of FY 2007. The crowding rate is projected to be 36 percent at that time, which is the same as the close of FY 2006.	09/30/2007		
3. Planning estimates call for a rated capacity of 123,712 to be reached by close of FY 2008. The crowding rate is projected to be 38 percent at that time, an increase of 2 percent for the year.	09/30/2008		
4. Planning estimates call for a rated capacity of 125,168 to be reached by close of FY 2009. The crowding rate is projected to be 40 percent at that time, an increase of 2 percent for the year.	09/30/2009		
5. Planning estimates call for a rated capacity of 126,400 to be reached by close of FY 2010. The crowding rate is projected to be 42 percent at that time, an increase of 2 percent for the year.	09/30/2010		
6. Planning estimates call for a rated capacity of 130,315 to be reached by close of FY 2011. The crowding rate is projected to be 39 percent at that time, a decrease of 3 percent for the year.	09/30/2011		
7. Planning estimates call for a rated capacity of 141,387 to be reached by close of FY 2012. The crowding rate is projected to be 29 percent at that time, a decrease of 10 percent for the year.	09/30/2012		

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

The Administration is currently developing FY 2008 funding requirements. The FY 2008 and subsequent budgets will be structured to address the Bureau's long-term capacity needs in the most cost effective manner possible.

Planned Measures to Prevent Recurrence

We will ensure future budget requests reflect population increases.

Validation Indicator

Results are measured as a new institution or expansion project is activated and resulting increases in rated capacity are established. A corresponding decrease in the crowding percentage rate will also be a tangible measurement of the results. Progress on construction projects at new and existing facilities will be validated via on-site inspections of each facility or by review of monthly construction progress reports.

Organization Responsible for Corrective Action

BOP Program Review Division

OMB CIRCULAR A-123, APPENDIX A – FINANCIAL REPORTING MATERIAL WEAKNESS

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Date Report Submitted and Corresponding FY and Quarter** October 16, 2006 FY 2006 4th Quarter	
Issue Title Accounting and Financial Reporting Procedures	**Issue ID** 06IRE001	**Component Name** Departmental

Issue Category (Please check appropriate box.)

FMFIA, Section 2	☐ **Reportable Condition**	☐ **Material Weakness**
FMFIA, Section 4	☐ **Non-conformance**	
OMB A-123, Appendix A	☐ **Reportable Condition**	☒ **Material Weakness**

Issue Category – SAT Concurrence or Recategorization (components are to leave blank)

Concur

Issue Description

In FY 2006, the Department made progress in correcting previously reported accounting standards compliance and financial reporting deficiencies. While progress has been made, the Department's assessment of internal control over financial reporting identified that deficiencies still exist in these areas. Specifically, the assessment identified reportable conditions in the Department's Procurement and Financial Reporting business processes. In addition, the assessment identified control deficiencies in other key business processes, such as Revenue, Treasury, and Grants Management. Individually, the reportable conditions and deficiencies are not significant enough to be categorized as material weaknesses. Collectively, however, management believes these control deficiencies, coupled with the risks to financial reporting resulting from the Department's information systems non-conformances, represent a material weakness.

The Department and components are remediating the reportable conditions and control deficiencies through both formal component-developed corrective action plans and informal methods. In addition, the Department has increased its oversight of Departmental implementation of OMB Circular A-123, Appendix A; performed validation tests; and initiated actions to improve the overall assessment process by modifying existing internal review programs to test additional controls and expanding the monitoring program.

Business Process Area (complete for Appendix A issues only; N/A for Section 2 and Section 4 issues)

Budget, Revenue, Procurement, Property Management, Treasury, Human Resources, Grants Management, Seized Property, Financial Reporting, and Advances and Prepayments.

Date First Identified	Original Target Completion Date	Current Target Completion Date	Actual Completion Date
09/30/2002 (Previously reported under FMFIA Section 4)	09/30/2005	09/30/2007	

Issue Identified By	Source Document Title
DOJ Components and Justice Management Division (JMD) Internal Review and Evaluation Office (IREO)	FY 2006 OMB A-123, Appendix A Testing

Description of Remediation

Correct deficiencies found during FY 2006 OMB A-123, Appendix A testing and establish monitoring mechanisms to ensure adequate actions have been taken to correct deficiencies.

Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. Responsible DOJ component managers to review controls, corrective action plans, and monitoring mechanisms for adequacy and enhance, as necessary.	Not Applicable. Milestones updated October 2006.	11/30/2006	
2. IREO to review and ensure component corrective action plans and monitoring mechanisms are adequate, providing guidance as necessary.	Not Applicable. Milestones updated October 2006.	12/31/2006	

3. Components to conduct tests to ensure controls are in place and operating as designed and deficiencies have been corrected.	Not Applicable. Milestones updated October 2006.	06/30/2007	
4. IREO to review planned component testing and results of testing; supplement with additional testing, as necessary.	Not Applicable. Milestones updated October 2006.	08/30/2007	

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

Not Applicable

Planned Measures to Prevent Recurrence

Increase component and IREO oversight.

Validation Indicator

Component and IREO testing results.

Organization Responsible for Corrective Action

DOJ Components (respective OMB A-123, Appendix A managers) and JMD IREO

FMFIA SECTION 4 – FINANCIAL MANAGEMENT SYSTEMS NON-CONFORMANCES

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Date Report Submitted and Corresponding FY and Quarter** October 19, 2006 FY 2006 4th Quarter	
Issue Title General Controls over Information Systems Supporting Financial Processes	**Issue ID** 06CIO001	**Component Name** Departmental

Issue Category (Please check appropriate box.)

- **FMFIA, Section 2** ☐ **Reportable Condition** ☐ **Material Weakness**
- **FMFIA, Section 4** ☒ **Non-conformance**
- **OMB A-123, Appendix A** ☐ **Reportable Condition** ☐ **Material Weakness**

Issue Category – SAT Concurrence or Recategorization (components are to leave blank)

Concur

Issue Description

In FY 2006, the Department made progress in correcting prior year information technology-related deficiencies. While progress has been made, the Department's testing of general controls over information systems supporting financial processes continues to identify significant deficiencies related to access controls and the lack of baseline security configurations within several components. The most significant deficiencies involve management of accounts and system-level patches.

Business Process Area (complete for Appendix A issues only; N/A for Section 2 and Section 4 issues)

Not Applicable

Date First Identified	**Original Target Completion Date**	**Current Target Completion Date**	**Actual Completion Date**
10/01/2004	03/31/2005	09/30/2007	

Issue Identified By	**Source Document Title**
DOJ Management and Audit/Review Teams	Annual Financial Statement Audits and Management Reviews (since FY 2004) and OMB A-123 Controls Testing (FY 2006)

Description of Remediation

Progress has been made by Departmental components since FY 2004 in addressing information technology-related deficiencies identified in annual financial statement audits and management reviews. In addition, the Department has strengthened its oversight of component remediation activities. For example, in FY 2005 and FY 2006, the JMD Office of the Chief Information Officer (OCIO):

- established a Financial Audit Information Technology Oversight Program to oversee component remediation activities and implementation of policies, processes, and workflow methods designed to ensure successful financial statement audits;
- developed and deployed throughout the Department an Information Technology Security Management Scorecard for reporting the status, progress, schedule, management issues, and risk areas related to component corrective action plans; and
- assessed component progress in addressing information technology-related deficiencies.

While progress has been made, the Department recognizes the need to accelerate efforts to remediate longstanding as well as newly identified deficiencies to ensure the integrity of information systems supporting the Department's financial processes. The milestones for FY 2007 are focused on:

- establishing corrective actions that appropriately address root causes,
- ensuring corrective actions are sufficiently and completely implemented as soon as practicable,
- ensuring controls are institutionalized within components,
- expanding component OMB A-123 annual assessments to ensure they are adequate to detect and timely correct information technology-related control deficiencies, and
- intensifying the Department's monitoring and validation of component corrective actions and OMB A-123 assessments.

Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. The OCIO will conduct a year-end review of component and Departmental remediation progress in FY 2006 and any related audits, reviews, and assessments; identify and disseminate to components best practices and lessons learned; and establish and disseminate FY 2007 Departmental priorities, validation testing guidance, and strategy to detect, correct, and prevent deficiencies in general controls over information systems supporting financial processes.	11/30/2006	11/30/2006	
2. Components will develop a corrective action plan for each new and previously identified reportable condition and material weakness not yet corrected and submit to OCIO for approval. Components are to ensure that corrective action plans adequately address root causes, promote prompt and sustained remediation, and include appropriate validation indicators and measures to prevent recurrence of deficiencies.	11/30/2006	11/30/2006	
3. OCIO, in coordination with the JMD IREO, will review and approve component-developed corrective action plans, providing guidance as necessary.	12/15/2006	12/15/2006	
4. Components with reportable conditions and material weaknesses will have implemented actions sufficient to correct deficiencies or will be on track to complete such actions prior to the validation by OCIO and IREO.	1/15/2007	1/15/2007	
5. IREO will assist components with expanding OMB A-123 assessments to ensure they are adequate to detect and timely correct information technology-related control deficiencies.	3/31/2007	3/31/2007	
6. The OCIO and IREO will monitor component validation testing, review results, and conduct supplemental testing, as necessary, to determine whether required controls have been institutionalized.	9/30/2007	9/30/2007	

Reason for Not Meeting Original Target Completion Date

Scope of deficiencies.

Status of Funding Available to Achieve Corrective Action

Ongoing

Planned Measures to Prevent Recurrence

Departmental and component management will accelerate efforts to remediate deficiencies through corrective action plans. In addition, the Department will intensify its monitoring of component progress in implementing corrective actions and validate such actions to ensure successful remediation of identified deficiencies.

Validation Indicator

Testing at individual components.

Organization Responsible for Corrective Action

DOJ Components (respective information systems managers), JMD OCIO, and JMD IREO

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Date Report Submitted and Corresponding FY and Quarter** October 17, 2006 FY 2006 4th Quarter	
Issue Title Integrated Financial Management System	**Issue ID** 06UFM001	**Component Name** Departmental

Issue Category (Please check appropriate box.)

FMFIA, Section 2	☐ **Reportable Condition**	☐ **Material Weakness**
FMFIA, Section 4	☒ **Non-conformance**	
OMB A-123, Appendix A	☐ **Reportable Condition**	☐ **Material Weakness**

Issue Category – SAT Concurrence or Recategorization (components are to leave blank)

Concur

Issue Description

The Department continues to recognize the lack of a single integrated financial management system as a non-conformance. Financial systems performance and data availability for leadership decision-making is made more difficult because of the fragmented systems environment across the Department. Replacing the seven individual financial reporting systems with a standardized core financial system that meets federal standards is a priority of the Attorney General.

Business Process Area (complete for Appendix A issues only; N/A for Section 2 and Section 4 issues)

Not Applicable

Date First Identified	**Original Target Completion Date**	**Current Target Completion Date**	**Actual Completion Date**
02/28/2001	Ongoing	09/30/2012	

Issue Identified By	**Source Document Title**
DOJ Management and Audit Teams	Management Reviews and Annual Financial Statement Audits (since FY 2001)

Description of Remediation

Progress has been made by the Department in implementing a single integrated financial management system that meets core federal financial management systems requirements. For example, in FY 2005, the Department's Unified Financial Management System (UFMS) Program Management Office (PMO), JMD, gathered core financial requirements, awarded a commercial-off-the-shelf (COTS) system contract, and developed reengineered business processes. Progress in FY 2006 included the following:

- In December 2005, the UFMS PMO awarded an Integration and Implementation Services (I&I) contract to support the deployment of UFMS, to include overall project management, project familiarization, analyses of existing business processes, and development and delivery of appropriate system implementation plans.
- In June 2006, the UFMS PMO awarded an Independent Verification and Validation Services (IV&V) contract.
- In June and July 2006, the contractor began the tasks required to extend the baseline configuration and provide technical environment and architecture support.
- In August, the contractor was awarded task orders to provide familiarization training to Departmental components and began to address business transformation activities in the areas of Business Process Reengineering and Organizational Change Management.
- In August and September 2006, the UFMS PMO awarded the DEA and Asset Forfeiture Program (AFP) planning task orders. Work has commenced at both DEA and AFP.

The Department remains resolute in its goal to timely implement the unified system across all Departmental components. Milestones for FY 2007 are focused on ensuring the phased-in implementation begins the first quarter of FY 2008 (for AFP and DEA) and Department-wide implementation progresses to meet the target completion date of FY 2012.

Milestones	**Original Target Date**	**Current Target Date**	**Actual Completion Date**
1. Implement COTS UFMS software for designated program/component.	10/01/2004 through FY 2007	AFP and DEA 1st Qtr FY 2008	
2. Issue a task order to fully develop and implement the UFMS architecture in accordance with identified specifications and critical design architecture elements.	2nd Qtr FY 2007		
3. Issue task order to fully develop and deploy UFMS for AFP.	2nd Qtr FY 2007		
4. Issue task order to fully develop and deploy UFMS for	2nd Qtr FY 2007		

DEA.			
5. Complete planning and evaluation for FBI implementation; issue task order.	1st Qtr FY 2007	3rd Qtr FY 2007	
6. Issue task order to fully develop the standard processes that will serve as the baseline for the system configuration to be implemented across all components.	3rd Qtr FY 2007		

Reason for Not Meeting Original Target Completion Date
Funding
Status of Funding Available to Achieve Corrective Action
Ongoing
Planned Measures to Prevent Recurrence
Not Applicable
Validation Indicator
Testing of individual components.
Organization Responsible for Corrective Action
DOJ Components (respective financial systems managers), JMD UFMS PMO, and JMD Finance Staff

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APPENDIX A

Office of the Inspector General, Audit Division Analysis and Summary of Actions Necessary to Close the Report

The Department's management was provided a draft of the Independent Auditors' Report on Internal Control over Financial Reporting and their comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Necessary to Close the Report. Since management concurred with all of the recommendations, this report is being issued as resolved. We will continue to review the actions taken during future financial statement audits in order to assess whether the findings have been adequately addressed and recommendations implemented. Depending on the recommendation, it will be closed either when the action requested is completed or subsequent audit testing confirms the adequacy of corrective actions. In the case of a repeat recommendation, the report recommendation will be immediately closed upon report issuance, but will continue to be followed up in the prior report where the recommendation was initially made.

Internal Control Recommendation Number:

1. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that components' and the OSS's CIOs have submitted corrective action plans that focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/SDLC, service continuity, segregation of duties, system software, and other specific application control weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution report. The Department's CIO should also require the corrective action plans to include a timeline that establishes when major events must be completed, and the Department's CIO should monitor and hold the components accountable for meeting these timeline milestone dates and ensure the corrective actions implemented adequately address the noted deficiencies.

2. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the Department has assessed the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) accounts payable (and proper consideration of receipt and acceptance of goods and services), (c) budgetary accounting for grant and non-grant obligations, (d) accrual accounting related to Reimbursable Agreements, and (e) status, valuation, and completeness of seized and forfeited property. Based on the results of this assessment, the Department should also determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Finally, the Department should monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year.

3. **Resolved.** This recommendation can be closed when the Department has implemented a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements of the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable Federal accounting standards. In addition, the Department should implement a financial statement consolidation package to automate the compilation of the Department-wide financial statements.

4. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the USMS has taken corrective actions to improve the condition of its financial statement quality control and quality assurance processes, in response to the specific recommendations made in the

component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2006.

APPENDIX B

Department of Justice Financial Structure

- Assets Forfeiture Fund and Seized Asset Deposit Fund
- Bureau of Alcohol, Tobacco, Firearms and Explosives
- Bureau of Prisons
- Drug Enforcement Administration
- Federal Bureau of Investigation
- Federal Prison Industries, Inc.
- Office of Justice Programs
- U.S. Marshals Service
- Working Capital Fund
- Offices, Boards and Divisions

Offices
Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
INTERPOL – U.S. National Central Bureau
National Drug Intelligence Center
Office of Community Oriented Policing Services
Office of Dispute Resolution
Office of Information and Privacy
Office of Intergovernmental Affairs and Public Liaison
Office of Intelligence Policy and Review
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Federal Detention Trustee
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys

Boards
Foreign Claims Settlement Commission
U.S. Parole Commission

Divisions
Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

APPENDIX C

Improper Payments Information Act Reporting Details

Item I. Describe your agency's risk assessment(s) performed subsequent to completing your full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on OMB guidance thresholds) identified through your risk assessments. Be sure to include the programs previously identified in the former Section 57 of OMB Circular A-11.

In accordance with IPIA, the Department assessed its programs and activities for susceptibility to significant improper payments using a variety of methods, including component-conducted internal control reviews, Department-conducted OMB Circular A-123 internal control testing, OIG reviews and audits, and improper payment recovery audits. In FY 2005, the Department reported the U.S. Marshals Service (USMS) non-compliant in the area of performing risk assessments as well as establishing a program to assess, identify, and track improper payments. In FY 2006, the USMS corrected this and performed risk assessments comprised of Independent Audit Reports, Internal Control reviews, and Inspector General Reviews. They also established a Recovery Audit Program and use the services of the Department's recovery audit program contractor. Based on the results of the risk assessments for the period ending September 30, 2006, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item II. Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.

Not applicable. Based on the results of the risk assessments, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item III. Describe the Corrective Action Plans for:

A. **reducing the estimated rate of improper payments. Include in this discussion what is seen as the cause(s) of errors and the corresponding steps necessary to prevent future occurrences. If efforts are already underway, and/or have been ongoing for some length of time, it is appropriate to include that information in this section.**

   Not applicable. Based on the results of the risk assessments, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

B. **grant-making agencies with risk-susceptible grant programs. Discuss what your agency has accomplished in the area of funds stewardship past the primary recipient. Include the status on projects and results of any reviews.**

   Not applicable. Based on the results of the risk assessments, the Department concluded there were no grant programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item IV. The table below is required for each reporting agency. Agencies must include the following information: (1) all risk-susceptible programs must be listed in this chart whether or not an error measurement is being reported; (2) where no measurement is provided, your agency should indicate the date by which a measurement is expected; (3) if the Current Year (CY) is the baseline measurement year, indicate by either footnote or by "n/a" in the Prior Year column; (4) if any of the dollar amount(s) included in the estimate correspond to newly established measurement components in addition to

previously established measurement components, separate the two amounts to the extent possible; (5) include outlay estimates for CY+1, +2, and +3; and (6) agencies are expected to report on CY activity and, if not feasible, then Prior Year activity is acceptable. *Future year outlay estimates (CY+1, +2, and +3) should match the outlay estimates for those years as reported in the most recent President's Budget.

Not applicable. Based on the results of the risk assessments, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item V. Discuss your agency's recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so; actions taken to recoup improper payments; and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences. In addition, complete the table below.

Amount Subject to Review for FY 2006 Reporting	Actual Amount Reviewed and Reported FY 2006	Amounts Identified for Recovery FY 2006	Amounts Identified / Actual Amount Reviewed	Amounts Recovered FY 2006	Amounts Recovered Prior Years
$11,310,442,377	$8,001,909,847	$1,851,709	0.0231%	$1,734,421	$1,760,748

The Department has preventive and detective controls in place to ensure payments are legal, proper, and correct. For example, the Department's *Recovery Audit Programs and the Improper Payments Information Act* policy defines improper payments, provides a methodology for identifying improper payments, establishes a system to track improper payments and their causes, and provides methods for monitoring improper payments and obtaining feedback. In addition, the Department developed recovery audit programs that include automated functions and reports that identify potential improper payments prior to actual payment. Some components of the Department use sampling when reviewing the payments. Overall, the Department reviewed 73% of the total amount subject to review for FY 2006 reporting. The figure in the column titled "Amounts Recovered Prior Years" in the table above is the total of all of the Department's past year's recoveries.

In order to maintain and enhance financial controls within the Offices, Boards and Divisions, the Quality Control and Compliance Group, which is part of the Finance Staff, Justice Management Division, conducts a quarterly internal review. One aspect covered in the quarterly review is an examination of disbursements, to include tests for improper payments. The quarterly review process, along with the annual financial statement audit, systemic controls, and Departmental policy, form the basis of controls to detect improper payments within the Offices, Boards and Divisions and prevent further occurrences.

Specific steps taken by the components to prevent further occurrences of improper payments include the DEA's establishment of a Financial Analysis and Reporting Unit to provide guidance to staff at payment sites and analyze disbursements, including contract payments and potential duplicate payments; FBI's review of disbursements during monthly, quarterly, and semi-annual field office audits to ensure payments are reviewed and made properly; and OJP's development of a management tracking report that is analyzed monthly to identify improper payments.

In FY 2006, the Department and individual components continued to supplement internal recovery activities with contract services to maximize the identification and collection of improper payments. To further increase the benefit to the Department in FY 2007, efforts are underway to obtain additional security clearances for some contract recovery personnel to allow continued expansion of recovery activities. The cost of the Department's recovery audit program in FY 2006 totaled $467,016. Internal and external costs were as follows:

Internal Costs (Salaries and Expenses)	$415,924
External Costs (Contractor)	$ 51,092
Total	$467,016

Note: The external costs are paid from actual recoveries. The internal costs include salary, benefits and overhead of employees involved in recovery audit activities.

Item VI. Describe the steps your agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.

The Assistant Attorney General for Administration (AAGA) has implemented IPIA and recovery audit activities and developed Department-wide policies and procedures for assessing program risks and actions to reduce improper payments.

The AAGA holds agency managers accountable for reducing and recovering improper payments. In addition, the AAGA encourages and supports proper training for employees involved in all levels of the disbursement process.

The Department holds managers accountable for reducing and recovering improper payments through performance ratings, requiring them to develop corrective action plans as a result of internal control weaknesses, requiring periodic certification of accounts payables and accounts receivables, and implementation of an internal financial management scorecard.

Item VII.

A. Describe whether your agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.

Department-wide efforts continue to reduce improper payments through an aggressive strategy of re-engineering and standardizing business practices, concurrent with the implementation of an integrated financial management system. The integrated system will be a commercial-off-the-shelf financial management system that meets core federal financial management systems requirements. These Department-wide efforts are supplemented by the annual financial statement audit, which includes tests of component controls to determine whether improper payments have been made.

In addition to the Department-wide efforts to reduce improper payments, the Offices, Boards and Divisions, along with the Bureau of Prisons, have system controls built into their current financial systems. These controls are designed to prevent improper payments from being made and, if an improper payment is made, provide the tools necessary to identify and recover the payment. Beyond the system controls, the payment activities of the Offices, Boards and Divisions are reviewed quarterly. During these reviews, the Justice Management Division's Quality Control and Compliance Group conducts tests to determine whether improper payments have been made.

B. If your agency does not have such systems and infrastructure, describe the resources your agency requested in its FY 2007 budget submission to Congress to obtain the necessary information systems and infrastructure.

Not applicable. Department-wide improper payments with the current infrastructure amounted to less than three hundredths of one percent (.0231%) in FY 2006, based on the sampled transactions. The planned integrated financial management system, when implemented throughout the Department, will complement the Department's current infrastructure and capabilities to reduce improper payments.

Item VIII. Describe any statutory or regulatory barriers which may limit your agency's corrective actions in reducing improper payments and actions taken by your agency to mitigate the barriers' effects.

The Department has not identified any statutory or regulatory barriers which limit its corrective actions in reducing improper payments.

Item IX. Additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.

In FY 2006, the Department issued policy supplementing IPIA requirements, as well as requirements in the Recovery Auditing Act regarding the identification of payment errors and recovery of amounts erroneously paid. The Department's policy reinforces requirements and provides guidance to promote consistency throughout the Department in implementing IPIA and Recovery Auditing Act requirements, identifying and correcting causes of improper payments, and instituting activities to recover such payments.

APPENDIX D

FY 2006 Financial Management Status Report and Five-Year Plan Summary

I. Background

The 2006 Financial Management Status Report and Five-Year Plan, required by the Chief Financial Officers (CFO) Act of 1990, describes the Department's financial management initiatives, plans, and accomplishments. The CFO Act established the legal framework for improved financial management. Within that framework, executive agencies have key responsibilities for implementing effective financial management leadership, internal controls, reporting, and financial systems. The Department's Plan was prepared in accordance with the guidance contained in the OMB Circular A-11, *Preparation and Submission of Budget Estimates.*

The President's Management Agenda and the accompanying Executive Branch Management Scorecard emphasize the significance of federal Government performance and accountability to achieve successful results. The ultimate goal is to acquire accurate and timely financial information on a recurring basis and improve performance and overall effectiveness. The 2006 Financial Management Status Report and Five-Year Plan includes a summary of the important financial management initiatives completed or underway within the Department. These initiatives support the President's Management Agenda and improve management and administration of the Department's programs while supporting mandates such as the CFO Act, the Government Management Reform Act (GMRA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), Federal Managers' Financial Integrity Act (FMFIA), and the Debt Collection Improvement Act (DCIA) of 1996.

The Department has moved towards budget and performance integration by including full cost of achieving performance goals within its budget and by utilizing the Program Assessment Rating Tool (PART) for decision making purposes for the majority of its programs. Additionally, the Department has efficiency measures in place for 100 percent of the programs assessed by the PART.

II. Highlights of the Initiatives Contained in this Plan

Audited Financial Statements. The Department earned its first unqualified opinion on all of its consolidated audited financial statements in FY 2001 and continues to demonstrate its commitment to earning unqualified audit opinions. In FY 2006, the Department continued to emphasize the importance in meeting year-end requirements, key dates for the FY 2006 audit, and critical deadlines for submission of financial data to the Department of the Treasury. Planning and coordination was necessary to ensure deadlines were met. One example of this preparation was through the issuance of the annual Financial Statements Requirements and Preparation Guide to bureaus, which includes a detailed timeline of major events and interim milestones.

Financial Management Systems Development. The Unified Financial Management System (UFMS) initiative is the keystone to the Department's financial systems improvement planning. During FY 2004, the Department selected CGI-Federal (formerly CGI-AMS) as the commercial "off-the-shelf" (COTS) Financial Management System (FMS) product. The FMS is certified by the Financial Systems Integration Office (FSIO) as meeting the core federal financial management system requirements. The Integration and Implementation Notice to Proceed was awarded on January 26, 2006. Additionally, Team IBM Initial Findings and Recommendations were completed in March 2006, and the Foundation Build v1.0 Findings and Recommendations were completed in April 2006. Both the Implementation Strategy Brief and Plan were completed in May 2006. During the fourth quarter, planning task orders were awarded to two Bureaus.

The seven DOJ components scheduled for implementation include: Assets Forfeiture Program (AFP) (organized within the Offices, Boards and Divisions (OBDs)) and Drug Enforcement Administration (DEA), which began their implementation activities in FY 2006; Federal Bureau of Investigation (FBI), which is scheduled to begin implementation activities in FY 2007; the Alcohol, Tobacco, Firearms and Explosives (ATF), U.S. Marshals Service (USMS), the Office of Justice Programs (OJP), the Bureau of Prisons (BOP), and the Offices, Boards and Divisions (OBDs), will follow.

E-Gov Travel. During FY 2005, the Deputy Assistant Attorney General, Controller approved the implementation of a Department E-Gov Travel Program Management Office (TPMO) in the Finance Staff. In response to the President's Management Agenda, the E-Gov Travel initiative was launched and Electronic Data Systems (EDS) was selected as the E-Gov Travel vendor. During the first quarter of FY 2006, the vender discontinued work and the E-Gov TPMO continued to work on the re-procurement of the E-Gov Travel Service task order. Currently, proposals are under review by the Technical Evaluation Panel. The procurement is expected to be completed in the second quarter of FY 2007.

Financial Statements Remediation Plan. The Department earned an unqualified opinion on its consolidated financial statements in FY 2006. All ten of the Department's reporting entities that produce financial statements received unqualified opinions, as well. Notably during FY 2006, two components had no material weaknesses or reportable conditions of any kind, and six of our ten components had no material control weaknesses reported by the auditors. The Department continued to implement corrective actions in an effort to diminish the number of internal control weaknesses at the component level. In FY 2006, components aggressively demonstrated their dedication to implement corrective action milestones in a timely manner, by reducing the material weakness to a reportable condition involving financial reporting in the Department's consolidated audit.

The accounting and system weaknesses evidenced in the audit reports this year underscore the challenges the Department is facing as we operate seven different accounting systems supporting ten reporting entities. During FY 2006, DOJ has made substantial progress on its multi-year project to install a Unified Financial Management System that will provide a single source for timely and reliable financial data. The implementation of the system will enable the Department to strengthen its control environment and to facilitate better decision-making. The accounting standards and financial reporting compliance weaknesses will be remediated by strict adherence to the OMB Circular A-123 *Management's Responsibility for Internal Control* and existing policies to strengthen and maintain effective internal controls.

Debt Collection Management Program. The JMD performed its annual comprehensive Departmentwide debt management review in compliance with OMB's reporting requirements. The Department reported cash collections over $3.6 billion in FY 2005 resulting from civil and criminal litigation and enforcement activities. The upgrade to the Collection Litigation Automated Support System was deployed in late FY 2005. On May 3, 2006, JMD awarded the Consolidated Debt Collection System (CDCS) contract to Accenture, LLP. The CDCS is an automated system used to track and manage debt collection and financial litigation efforts. This system will enable DOJ to provide a centralized data source for debt referral, litigation, collection, and statistical and financial reporting.

Modernizing Payments and Business Methods. The Department made significant progress in improving payment processing. The Department's components continued to increase Electronic Funds Transfer (EFT) payments to grantees, vendors, and employees. The Direct Deposit/Electronic Fund Transfer rate for permanent full-time employees was 99.70 percent as of July 2006. The Department's components continue to re-engineer systems operations and business practices to meet the challenge of making nearly all payments by EFT, as required by the DCIA. The Department continues to achieve a low delinquency rate for employee individually billed account travel card payments. Currently, DOJ has a .33 percent delinquency rate compared to 2.88 percent government-wide average. The Department has achieved a zero percent delinquency rate for purchase cards. In addition, DOJ continues to expand its recovery audit programs. The OBDs, BOP, OJP, Federal Prison Industries, and USMS are currently using the services of an audit recovery-contracting firm. To date, approximately $3.5 million in erroneous payments have been recovered.

APPENDIX E

Major Program Evaluations Completed During FY 2006

Government Accountability Office (GAO) Study on Thefts of Explosives from State and Local Government Storage Facilities

More than 5.5 billion pounds of explosives are used each year in the United States by private sector companies and government entities. The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has authority to regulate explosives and to license privately owned explosives storage facilities. After the July 2004 theft of several hundred pounds of explosives from a State and local government storage facility, concerns arose about vulnerability to theft. As a result of these concerns, the GAO analyzed (1) the extent of explosives thefts from State and local government facilities, (2) ATF's authority to regulate and oversee State and local government explosives storage facilities, (3) the information ATF collects about State and local government storage facilities, and (4) security oversight measures in place at selected State and local government storage facilities.

Judging from available ATF data, GAO found that there have been few thefts of explosives from State and local government storage facilities. From January 2002 to February 2005, ATF received only nine reports of thefts or missing explosives from State and local facilities, compared to a total of 205 explosives thefts reported nationwide during this same period. During the course of the audit, GAO found evidence of five thefts from State and local government facilities, one of which did not appear in ATF’s national database on thefts and missing explosives. Thus, the actual number of thefts occurring at State and local storage facilities could be higher than that identified by ATF data.

The GAO recommended that the Attorney General direct the ATF Director to clarify explosives incident reporting regulations to ensure that all entities storing explosives, including State and local government agencies, understand their obligation to report all thefts or missing explosives. The Department agreed with GAO’s recommendation and indicated it would take steps towards implementation.

Department of Justice Office of the Inspector General (OIG) Follow-up Audit of ATF Forensic Science Laboratories Workload Management

The OIG evaluated whether the ATF laboratories managed workloads effectively to provide timely services to ATF field divisions. This audit followed up on findings reported in 2001 by the Department of Treasury OIG, – which was responsible for auditing ATF until its transfer to the Department in 2003 – that found the laboratories did not always provide timely service and did not properly prioritize workloads.

The OIG audit found that processing times have not significantly improved in the past four years. Two-thirds of completed forensic examinations continued to take more than 30 days to complete and about one-third of examinations took more than 90 days. Although customers appreciated the quality of work the laboratories produced, more than half the special agents that the OIG interviewed said they used other laboratories at times to obtain more timely results.

The OIG recommendations focused on managing the incoming workload and existing examination backlog by developing and implementing a revised priority system and a plan to eliminate the backlog, and developing approaches to reducing the time it takes to fill examiner vacancies. Otherwise, the backlog, inadequate priority system, and vacant examiner positions will continue to interfere with the laboratories’ ability to handle the incoming workload of evidence on a timely basis. Serious consequences may occur if delays in identifying suspects, making arrests, and bringing offenders to trial allow offenders to commit additional crimes.

The ATF concurred with the OIG recommendations and indicated that ATF is in the process of taking corrective actions.

OIG Audit of the Management of Seized Assets and Evidence by ATF

The OIG conducted an audit to assess ATF's management of seized assets. The objectives were to: (1) determine the status of ATF's transition to DOJ's system for managing seized assets, and (2) assess the adequacy of ATF's accounting for, storing, safeguarding, and disposing of seized assets and evidence in its possession.

The audit disclosed areas where improvements could be made to ATF's management of seized assets relating to the use of DOJ's asset management system; accounting for, storing, and safeguarding seized property; and proactively responding to natural disasters. The report contained five recommendations that focused on the need to resolve ATF's asset management system requirements that are necessary to fully support migration of data into the DOJ automated system; provide appropriate supporting documentation to DOJ about seized and forfeited assets; and expedite the reconciliation so that current and future funds at Treasury can be promptly transferred to the DOJ Asset Forfeiture Fund.

Impact of Law Enforcement Activities on Cocaine Availability: Atlanta, Chicago, and Dallas

As a result of an earlier audit titled, "The Drug Enforcement Administration's (DEA) Implementation of the Government Performance and Results Act (GPRA)," the OIG recommended that DEA establish a system to collect, analyze, and report performance data related to the reduction in drug use and availability. In accordance with OIG recommendation, DEA and the Office of National Drug Control Policy (ONDCP) contracted with CNA Corporation (CNA) to conduct a study to develop a model to determine the impact of law enforcement operations on the cocaine market. The study called for a determination of law enforcement impact on cocaine availability in the Dallas, Atlanta, and Chicago markets.

The results of the 16 month study, documented by CNA in a 109 page final report, showed that while DEA enforcement operations (e.g., arrests per case and drug seizures) did have a short term impact on the market (cocaine availability as measured by price and purity), there was no single model that could measure the impact. DEA is currently working with ONDCP to assess the study and determine if it should be expanded to further explore if the impact of DEA's enforcement operations on drug availability can be measured.

Use of Polygraph Examinations in the Department of Justice

The OIG conducted a review on polygraph use by the Department's components to identify all that use or administer polygraph examinations and determine how they are used throughout the Department. The review began with a survey, and upon analysis of the results, OIG examined the components' management and use of polygraph examinations; the Department's policies governing the use of polygraph examinations; and the oversight mechanisms for ensuring that the components conduct and use polygraph examinations in accordance with established professional and technical standards. The FBI Security Division (Polygraph Unit) was not generally satisfied with the content of the report, and their concerns were noted and provided to OIG. Many of the requested changes were incorporated into the final report. The report does not make recommendations regarding the Department's polygraph use, but the report provides a detailed description of how polygraphs are used throughout the Department, for informational purposes.

Study on the Management and Performance of the Immigration Courts

The GAO conducted an evaluation of the Executive Office for Immigration Review (EOIR) and the management and performance of its immigration courts from March 2005 through August 2006. The GAO assessed: (1) the trend in immigration courts' caseload in recent years, (2) how the Office of the Chief

Immigration Judge (OCIJ) assigns and manages the immigration court caseload, and (3) how EOIR/OCIJ evaluates the immigration courts' performance.

The EOIR mandate is to provide fair, expeditious, and uniform interpretation and application of immigration law. To achieve its mission, EOIR has established case completion goals for various case types. As demonstrated in various reporting mechanisms, EOIR has been highly successful in meeting its goals for priority case types.

The GAO found that there have been an increasing number of newly filed cases in recent years and that OCIJ has managed the growing caseload through resource reallocation and use of technology, such as video conferencing. To more accurately and consistently reflect immigration courts' progress in the timely adjudication of immigration cases, GAO recommended that the Director of EOIR maintain appropriate documentation to demonstrate the accuracy of case completion goal reports, and clearly state what cases are being counted in the reports.

Effectiveness of the Office for Victims of Crime (OVC) Tribal Victim Assistance Program

The OIG initiated an audit to evaluate the effectiveness of the Office of Justice Programs (OJP)/OVC tribal victim assistance grant program. The objective of the audit was to obtain grant performance information directly from tribal grantees and to evaluate whether the grants were fully implemented and the program objectives achieved. The OIG audit disclosed that overall OVC did not incorporate adequate strategic planning into its victim assistance program, which is necessary to implement effective performance-based management.

Specific OIG findings include the following: (1) OVC did not establish any long-term or annual program goals for its tribal victim assistance program; (2) OVC did not ensure that resource allocation decisions reflect program effectiveness; (3) OVC did not establish a standardized progress report that captures required performance measure information; (4) OVC did not summarize the performance information reported by tribal grantees on the effectiveness of this tribal victim assistance program as a whole; (4) OVC did not provide tribal grantees with definitions of terms used for the required performance measures and guidance on tabulating the performance information reported; and (5) OVC did not ensure that progress reports include required performance measure data. In addition, OIG recommended that OVC utilize the performance information reported by tribal grantees to evaluate the effectiveness of individual grantee tribal victim assistance programs, and to follow up with tribal grantees demonstrating poor performance.

APPENDIX F

Intellectual Property Report – FY 2006

The information in this section is provided pursuant to the statutory mandate in Title 18, United States Code, Section 2320(g), which requires a report of Department of Justice prosecutions of intellectual property (IP) crimes brought under sections 2318, 2319, 2319A and 2320 of Title 18 of the United States Code. Prosecutions under other IP statutes are not included. This information has been provided by the Executive Office for United States Attorneys (EOUSA), which maintains criminal caseload information as reported by the 94 U.S. Attorneys' Offices.

The pages that follow contain summary case information, segregated by statutory provision, and preceded by a brief description of each offense. Also included is a list of cases referred for prosecution by the Bureau of Immigration and Customs Enforcement or the Bureau of Customs and Border Protection. Following the summary data is a district by district break out of the same data.

The automated case management system used to collect data for the U.S. Attorneys' Offices does not break out copyright infringement cases according to the following categories: audiovisual (videos and films); audio (sound recordings); literary works (books and musical compositions); computer programs or video games. Also, the case management system does not separately identify copyright infringement cases where the infringer advertises the infringing work online or makes the infringing work available on the Internet for download, reproduction, performance or distribution by others. Thus, that information is not included. Similarly, data on fines, penalties, settlements or restitution are not included because that information cannot be extracted from the database according to particular statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318* - Trafficking in Counterfeit Labels for Phono Records and Copies of Motion Pictures or Other Audiovisual Works

Offense: knowingly trafficking in a counterfeit label affixed or designated to be affixed to a phono record or a copy of a motion picture or other audiovisual work.

	FY06- All Districts
Referrals and Cases:	
Number of Investigative Matters Received by U.S. Attorneys:	29
Number of Defendants:	31
Number of Cases Filed	11
Number of Defendants:	14
Number of Cases Resolved/Terminated:	11
Number of Defendants:	18
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	8
Number of Defendants Who Were Tried and Found Guilty:	2
Number of Defendants Against Whom Charges Were Dismissed:	8
Number of Defendants Acquitted:	0
Other Terminated Defendants:	0
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	5

	FY06- All Districts
1 to 12 Months Imprisonment:	2
13 to 24 Months:	1
25 to 36 Months:	1
37 to 60 Months:	1
61+ Months:	0

Total Dollar Value of All Criminal Fines Imposed: Not Available
(fines can be assessed in lieu of or in addition to prison sentences)

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318.

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506* - Criminal Infringement of a Copyright

Offense: willful infringement of a copyright for purposes of commercial advantage or private financial gain, or through large-scale, unlawful reproduction or distribution of a copyrighted work, regardless of whether there was a profit motive.

Referrals and Cases:	FY06- All Districts
Number of Investigative Matters Received by U.S. Attorneys:	162
Number of Defendants:	295
Number of Cases Filed	98
Number of Defendants:	152
Number of Cases Resolved/Terminated:	100
Number of Defendants:	125
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	78
Number of Defendants Who Were Tried and Found Guilty:	2
Number of Defendants Against Whom Charges Were Dismissed:	29
Number of Defendants Acquitted:	1
Other Terminated Defendants:	15
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	45
1 to 12 Months Imprisonment:	16
13 to 24 Months:	8
25 to 36 Months:	3
37 to 60 Months:	4
61+ Months:	4

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319 where the lead charge, charges filed or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES CODE, SECTION 2319A* - Unauthorized Fixation of and Trafficking in Sound Recordings and Music Videos of Live Musical Performances

Offense: without the consent of the performer, knowingly and for the purposes of commercial advantage or private financial gain, fixing the sounds or sound and images of a live musical performance, reproducing copies of such a performance from an authorized fixation; transmitting the sounds or sounds and images to the public, or distributing, renting, selling, or trafficking (or attempting the preceding) in any copy of an authorized fixation.

Referrals and Cases:	FY06- All Districts
Number of Investigative Matters Received by U.S. Attorneys:	0
Number of Defendants:	0
Number of Cases Filed	0
Number of Defendants:	0
Number of Cases Resolved/Terminated:	0
Number of Defendants:	1
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	0
Number of Defendants Who Were Tried and Found Guilty:	0
Number of Defendants Against Whom Charges Were Dismissed:	1
Number of Defendants Acquitted:	0
Other Terminated Defendants:	0
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	0
1 to 12 Months Imprisonment:	0
13 to 24 Months:	0
25 to 36 Months:	0
37 to 60 Months:	0
61+ Months:	0

Total Dollar Value of All Criminal Fines Imposed: Not Available
(fines can be assessed in lieu of or in addition to prison sentences)

*The chart above includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES CODE, SECTION 2320* - Trafficking in Counterfeit Goods or Services

Offense: intentionally trafficking or attempting to traffic in goods or services and knowingly using a counterfeit mark on or in connection with such goods or services.

Referrals and Cases:	FY06- All Districts
Number of Investigative Matters Received by U.S. Attorneys:	150
Number of Defendants:	264
Number of Cases Filed	80

	FY06- All Districts
Number of Defendants:	147
Number of Cases Resolved/Terminated:	64
Number of Defendants:	106
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	61
Number of Defendants Who Were Tried and Found Guilty:	7
Number of Defendants Against Whom Charges Were Dismissed:	35
Number of Defendants Acquitted:	0
Other Terminated Defendants:	3
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	34
1 to 12 Months Imprisonment:	8
13 to 24 Months:	11
25 to 36 Months:	8
37 to 60 Months:	3
61+ Months:	4

Total Dollar Value of All Criminal Fines Imposed: Not Available
(fines can be assessed in lieu of or in addition to prison sentences)

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTIONS 2318, 2319, 2319A, 2320 OR TITLE 17, UNITED STATES CODE, SECTION 506*

All Districts - All Statutes

	FY02	FY03	FY04	FY05	FY06
Referrals and Cases:					
Number of Investigative Matters Received by U.S. Attorneys:	169	229	269	361	333
Number of Defendants:	289	333	334	642	580
Number of Cases Filed	78	100	101	143	178
Number of Defendants:	149	165	141	319	297
Number of Cases Resolved/Terminated:	82	65	107	95	155
Number of Defendants:	135	119	137	133	223
Disposition of Defendants in Concluded Cases:					
Number of Defendants Who Pleaded Guilty:	103	87	114	112	178
Number of Defendants Who Were Tried and Found Guilty:	3	5	8	7	9
Number of Defendants Against Whom Charges Were Dismissed:	26	22	8	10	16
Number of Defendants Acquitted:	0	3	1	1	2
Other Terminated Defendants:	3	2	6	3	18
Prison Sentencing for Convicted Defendants (# represents defendants):					
No Imprisonment:	58	50	62	55	91
1 to 12 Months Imprisonment:	25	18	26	29	35

	FY02	FY03	FY04	FY05	FY06
13 to 24 Months:	14	13	14	18	22
25 to 36 Months:	5	1	9	6	13
37 to 60 Months:	4	9	7	7	17
61+ Months:	0	1	4	4	9

Statistics on Matters/Cases Originating with the United States Bureau of Customs & Border Protection and Bureau of Immigrations & Customs Enforcement

Referrals and Cases:	FY06- All Districts
Number of Investigative Matters Received by U.S. Attorneys:	96
Number of Defendants:	181
Number of Cases Filed	48
Number of Defendants:	92
Number of Cases Resolved/Terminated:	32
Number of Defendants:	59
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	47
Number of Defendants Who Were Tried and Found Guilty:	3
Number of Defendants Against Whom Charges Were Dismissed:	6
Number of Defendants Acquitted:	1
Other Terminated Defendants:	2
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	21
1 to 12 Months Imprisonment:	9
13 to 24 Months:	6
25 to 36 Months:	2
37 to 60 Months:	9
61+ Months:	3

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the overall outcome of the defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed or charges of conviction include only a conspiracy to violate any of the identified offenses. This chart does not include data on the investigation and prosecution of other intellectual property crimes, such as economic espionage, 18 U.S.C. 1831; theft of trade secrets, 18 U.S.C. 1832; signal piracy, 47 U.S.C. 553 and 605; and circumvention of copyright protection systems, 17 U.S.C. 1201 to 1205; live music infringement, 18 U.S.C 2319B, and counterfeit drug offenses in violation of 21 U.S.C 331. In addition, the data does not include month of September 2005 information for the Eastern District of Louisiana due to Hurricane Katrina.

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	1	1	1	1	0	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	1	1	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	1	3	2	0	1	0	0
CALIFORNIA EASTERN	1	1	1	2	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	6	7	2	3	0	0	0	0	0	0	0
CALIFORNIA SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	1	1	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	1	1	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	2	2	1	1	0	0	0	0	0	0	0
GEORGIA SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	1	1	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	1	1	1	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	1	0	0	1	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	1	1	1	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	3	4	1	2	0	0	0	0	0	0	0
NEW YORK WESTERN	1	1	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	1	2	2	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	1	1	1	0	0	0	0
OHIO SOUTHERN	1	1	0	0	1	1	1	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	1	1	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	2	2	1	1	1	1	0	0	1	0	0
PUERTO RICO	0	0	0	0	2	5	0	2	3	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	1	1	1	1	0	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	1	1	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	1	1	2	2	1	1	0	0	1	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	1	1	0	0	1	1	0	0	1	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	29	31	11	14	11	18	8	2	8	0	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2318 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	1	0	1	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	1	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	1	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	1	1	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	1	0	0	0	0
OHIO SOUTHERN	1	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	0	0	0	0	0
PUERTO RICO	1	0	0	1	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	5	2	1	1	1	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2318 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	3	3	3	3	0	0	0	0	0	0	0
ALABAMA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	1	3	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	1	1	1	1	1	1	1	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	18	24	15	17	11	13	10	1	1	0	1
CALIFORNIA EASTERN	4	6	1	2	1	3	0	0	3	0	0
CALIFORNIA NORTHERN	24	45	15	33	8	8	5	0	3	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	1	0	0	1	0	0
COLORADO	1	1	0	0	0	0	0	0	0	0	0
CONNECTICUT	3	3	1	1	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	1	9	1	1	1	1	1	0	0	0	0
FLORIDA MIDDLE	5	7	2	2	1	1	1	0	0	0	0
FLORIDA NORTHERN	1	2	0	0	0	1	0	0	1	0	0
FLORIDA SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
GEORGIA MIDDLE	1	1	0	0	1	1	1	0	0	0	0
GEORGIA NORTHERN	2	3	2	4	1	2	2	0	0	0	0
GEORGIA SOUTHERN	1	3	1	2	1	2	1	0	1	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	0	1	1	2	3	6	4	0	2	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	2	23	4	21	3	3	3	0	0	0	0
ILLINOIS SOUTHERN	2	2	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	2	2	2	2	2	0	0	0	0
IOWA NORTHERN	1	2	0	0	1	1	1	0	0	0	0
IOWA SOUTHERN	1	1	1	1	8	8	0	0	0	0	8
KANSAS	2	2	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	1	1	1	0	0	0	0
KENTUCKY WESTERN	1	1	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	2	2	2	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	1	2	1	0	1	0	0
MAINE	0	0	0	0	1	1	1	0	0	0	0
MARYLAND	2	4	1	1	2	4	1	0	3	0	0
MASSACHUSETTS	1	1	1	1	0	0	0	0	0	0	0
MICHIGAN EASTERN	2	2	0	0	0	0	0	0	0	0	0
MICHIGAN WESTERN	1	5	2	6	2	6	5	0	1	0	0
MINNESOTA	2	3	0	0	1	1	1	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	1	1	1	0	0	0	0
MISSISSIPPI SOUTHERN	7	9	5	7	3	3	0	0	3	0	0
MISSOURI EASTERN	1	1	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	1	1	0	0	0	0	0	0	0	0	0
NEVADA	1	1	1	1	0	2	2	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	2	2	0	0	2	2	2	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	4	6	2	0	4	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	7	27	2	2	3	3	2	0	1	0	0
NEW YORK WESTERN	1	1	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	2	2	1	1	2	2	2	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	7	7	5	5	5	5	2	0	1	0	2
NORTH DAKOTA	0	0	1	1	1	1	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	1	1	1	0	0	0	0
OHIO SOUTHERN	2	3	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	1	1	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	8	2	6	1	2	2	0	0	0	0
PENNSYLVANIA MIDDLE	1	1	1	1	1	1	1	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	1	2	2	2	5	5	4	0	1	0	0
PUERTO RICO	1	1	0	0	1	2	2	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	5	8	3	3	3	3	3	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	1	1	2	3	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	3	3	1	1	0	0	0	0	0	0	0
TEXAS NORTHERN	4	6	2	3	1	1	0	0	0	1	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	6	8	2	2	2	2	2	0	0	0	0
UTAH	1	1	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	15	35	8	8	10	11	4	1	2	0	4
VIRGINIA WESTERN	1	1	1	1	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	1	1	1	1	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	1	1	1	1	1	1	1	0	0	0	0
WISCONSIN EASTERN	1	1	2	2	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	162	295	98	152	100	125	78	2	29	1	15

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant.
However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant.
Displayed defendant outcome information based upon the outcome of the charge only, and does not necessarily represent the overall outcome of a defendant.
Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	1	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	8	1	2	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	1	2	0	2	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	1	0
FLORIDA MIDDLE	0	1	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	1	0	0	0	0
GEORGIA NORTHERN	2	0	0	0	0	0
GEORGIA SOUTHERN	0	1	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	1	0	2	0	0	1
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	2	1	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	1	1	0	0	0	0
IOWA NORTHERN	0	0	1	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	1	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	2	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	1	0	0	0	0	0
MAINE	1	0	0	0	0	0
MARYLAND	1	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	2	2	0	0	1	0
MINNESOTA	0	0	0	0	1	0
MISSISSIPPI NORTHERN	1	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	2	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	2	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	2	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	2	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	1	0	0	0	0	1
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	1	1	0	0	0
NORTH DAKOTA	0	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	1	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	2	0	0	0	0	0
PENNSYLVANIA MIDDLE	1	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	3	0	0	0	0	1
PUERTO RICO	0	2	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	0	1	1	1	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	2	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	3	0	1	0	0	1
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	1	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	45	16	8	3	4	4

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the outcome of the charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	1	0	0	1	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	0	0	0	0	0	1	0	0	1	0	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2319A charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	0	0	0	0	0	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2319A charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	1	1	0	0	0	0	0	0	0	0	0
ALABAMA NORTHERN	1	3	2	3	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	1	1	0	0	0	0	0	0	0
ALASKA	0	0	0	0	1	2	0	0	2	0	0
ARIZONA	3	9	1	6	0	0	0	0	0	0	0
ARKANSAS EASTERN	1	2	2	2	2	2	2	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	12	21	8	17	3	5	4	0	0	0	1
CALIFORNIA EASTERN	3	3	1	2	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	1	1	2	4	7	11	9	0	2	0	0
CALIFORNIA SOUTHERN	0	0	0	0	1	3	3	0	0	0	0
COLORADO	0	0	0	0	0	1	0	0	1	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	5	9	1	1	1	1	1	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	7	14	7	12	3	9	6	2	1	0	0
GEORGIA MIDDLE	2	5	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	8	21	5	12	0	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	2	2	0	0	2	0	0
HAWAII	1	2	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	2	2	1	1	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	1	5	1	3	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	1	1	0	0	1	0	0
IOWA NORTHERN	1	2	1	2	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	1	1	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY WESTERN	2	2	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	1	1	0	0	0	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	7	25	5	23	1	1	0	0	1	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	1	1	0	0	1	5	1	0	4	0	0
MASSACHUSETTS	0	1	2	5	0	0	0	0	0	0	0
MICHIGAN EASTERN	1	3	2	2	1	1	1	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	2	4	1	0	3	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	7	12	0	0	1	1	1	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	1	1	2	2	0	0	0	0	0	0	0
NEW HAMPSHIRE	1	1	2	2	1	1	1	0	0	0	0
NEW JERSEY	3	6	2	5	1	9	1	0	7	0	1
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	8	9	3	3	4	7	4	1	2	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	7	7	1	1	2	8	2	0	5	0	1
NEW YORK WESTERN	1	2	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	1	3	2	2	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	2	4	1	1	1	1	1	0	0	0	0
NORTH DAKOTA	0	3	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	1	1	0	0	1	0	0
OHIO NORTHERN	5	7	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	1	1	0	0	1	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	1	1	1	2	0	0	0	0	0	0	0
OREGON	1	2	1	1	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	1	1	1	1	1	1	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	1	3	4	5	3	4	3	0	1	0	0
PUERTO RICO	0	0	0	0	1	2	0	2	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	19	33	9	16	6	7	7	0	0	0	0
SOUTH DAKOTA	2	2	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	1	1	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	3	3	1	1	1	1	1	0	0	0	0
TEXAS NORTHERN	3	4	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	3	4	2	2	1	1	0	1	0	0	0
TEXAS WESTERN	4	4	2	2	3	3	3	0	0	0	0
UTAH	1	1	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	7	11	2	3	6	6	5	0	1	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	1	1	2	2	0	0	0	0	0	0	0
WASHINGTON WESTERN	6	6	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	1	1	1	1	1	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	1	1	1	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	150	264	80	147	64	106	61	7	35	0	3

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2320 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	2	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	3	1	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	5	3	0	1	0	0
CALIFORNIA SOUTHERN	1	0	1	0	1	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	1	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	1	0	0	3	1	3
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	1	0	1	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	1	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	1	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	1	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	1	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	1	0	0	0	0	0
NEW JERSEY	1	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	2	1	2	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	2	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	1	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	3	0	0	0	0	0
PUERTO RICO	1	0	0	1	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	5	0	2	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	1	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	1	0	0	0	0	0
TEXAS WESTERN	3	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	4	1	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	1	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	1
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	34	8	11	8	3	4

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2320 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	3	3	2	2	0	0	0	0	0	0	0
ALABAMA NORTHERN	1	3	1	2	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	3	9	1	6	0	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	6	15	3	11	1	2	2	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	1	3	3	0	0	0	0
CALIFORNIA NORTHERN	8	11	0	0	0	1	0	0	1	0	0
CALIFORNIA SOUTHERN	0	0	0	0	1	2	2	0	0	0	0
COLORADO	0	0	0	0	0	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	3	7	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	7	14	7	12	1	7	4	2	0	1	0
GEORGIA MIDDLE	2	5	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	3	13	4	11	1	2	2	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	2	2	2	0	0	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	1	5	1	3	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	1	1	0	0	1	0	0
IOWA NORTHERN	2	4	1	2	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY WESTERN	1	1	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	2	2	1	1	2	3	2	0	1	0	0
MAINE	0	0	0	0	1	1	1	0	0	0	0
MARYLAND	0	0	0	0	0	1	0	0	1	0	0
MASSACHUSETTS	0	1	1	4	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	1	1	0	0	0	0	0	0	0
MICHIGAN WESTERN	1	5	1	5	1	5	5	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	1	1	1	0	0	0	0
MISSISSIPPI SOUTHERN	1	1	0	0	2	4	2	0	1	0	1
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	1	3	0	0	1	1	1	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	2	2	3	3	0	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	4	4	2	2	2	4	4	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	3	3	1	1	0	4	4	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	1	2	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	1	1	1	1	1	1	0	0	0	0
NORTH DAKOTA	0	3	1	1	1	1	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	1	1	0	0	1	0	0
OHIO NORTHERN	4	5	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	1	2	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	1	3	1	1	0	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	17	31	9	16	6	7	7	0	0	0	0
SOUTH DAKOTA	2	2	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	1	1	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	2	2	1	1	0	0	0	0	0	0	0
TEXAS NORTHERN	1	1	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	3	4	1	1	0	0	0	0	0	0	0
TEXAS WESTERN	3	3	2	2	3	3	3	0	0	0	0
UTAH	1	1	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	2	6	2	3	2	2	0	1	0	0	1
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	1	1	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	96	181	48	92	32	59	47	3	6	1	2

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	1	1	0	0	0	0
CALIFORNIA EASTERN	0	3	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	1	0	1	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	1	0	0	1	1	3
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	2	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	2	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	2	0	0	0	0	0
MAINE	1	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	2	1	1	0	1	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	1	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	1	1	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	1	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	1	1	2	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	4	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	1	0	0	0	0	0
NORTH DAKOTA	0	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	5	0	2	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	3	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	1	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	21	9	6	2	9	3

*Caseload data extracted from the United States Attorneys' Case Management System.
**FY 2006 numbers are actual data through the end of September 2006.
***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	4	4	3	3	0	0	0	0	0	0	0
ALABAMA NORTHERN	2	4	2	3	0	0	0	0	0	0	0
ALABAMA SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
ALASKA	0	0	0	0	1	2	2	0	0	0	0
ARIZONA	4	12	1	6	0	0	0	0	0	0	0
ARKANSAS EASTERN	3	4	3	3	3	3	3	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	30	45	23	34	15	20	17	1	0	0	2
CALIFORNIA EASTERN	6	8	1	2	1	3	3	0	0	0	0
CALIFORNIA NORTHERN	30	51	17	37	9	14	13	0	1	0	0
CALIFORNIA SOUTHERN	1	1	0	0	1	3	3	0	0	0	0
COLORADO	1	1	0	0	0	1	1	0	0	0	0
CONNECTICUT	3	3	1	1	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	2	10	1	1	1	1	1	0	0	0	0
FLORIDA MIDDLE	11	17	3	3	2	2	2	0	0	0	0
FLORIDA NORTHERN	2	3	0	0	0	1	1	0	0	0	0
FLORIDA SOUTHERN	8	15	7	12	3	9	6	2	0	1	0
GEORGIA MIDDLE	3	6	0	0	1	1	1	0	0	0	0
GEORGIA NORTHERN	12	25	7	14	1	2	2	0	0	0	0
GEORGIA SOUTHERN	2	4	2	3	1	2	1	0	1	0	0
GUAM	0	0	0	0	2	2	2	0	0	0	0
HAWAII	2	4	1	2	3	6	5	0	1	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	2	23	4	21	5	5	4	1	0	0	0
ILLINOIS SOUTHERN	2	2	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	1	5	1	3	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	2	2	3	3	2	0	1	0	0
IOWA NORTHERN	2	4	1	2	1	1	1	0	0	0	0
IOWA SOUTHERN	1	1	1	1	8	8	0	0	0	0	8
KANSAS	3	3	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	1	1	1	0	0	0	0
KENTUCKY WESTERN	3	3	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	1	1	0	0	3	3	3	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	7	25	5	23	2	3	2	0	1	0	0
MAINE	0	0	0	0	1	1	1	0	0	0	0
MARYLAND	3	5	1	1	2	6	5	0	1	0	0
MASSACHUSETTS	1	2	3	6	0	0	0	0	0	0	0
MICHIGAN EASTERN	3	5	2	2	1	1	1	0	0	0	0
MICHIGAN WESTERN	1	5	2	6	2	6	6	0	0	0	0
MINNESOTA	2	3	0	0	1	1	1	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	1	1	1	0	0	0	0
MISSISSIPPI SOUTHERN	7	9	5	7	4	6	2	0	3	0	1
MISSOURI EASTERN	1	1	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	7	12	0	0	1	1	1	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	1	1	0	0	0	0	0	0	0	0	0
NEVADA	2	2	3	3	0	2	2	0	0	0	0
NEW HAMPSHIRE	1	1	2	2	1	1	1	0	0	0	0
NEW JERSEY	5	8	2	5	3	11	7	0	3	0	1
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	8	9	3	3	7	12	11	1	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	15	36	4	5	5	11	10	0	1	0	0
NEW YORK WESTERN	3	4	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	3	5	3	3	2	2	2	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	1	2	2	0	0	0	0
NORTH CAROLINA WESTERN	9	11	6	6	6	6	3	0	1	0	2
NORTH DAKOTA	0	3	1	1	1	1	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	1	1	0	0	1	0	0
OHIO NORTHERN	5	7	0	0	1	1	1	0	0	0	0
OHIO SOUTHERN	3	4	0	0	2	2	2	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	1	1	1	2	0	0	0	0	0	0	0
OREGON	3	4	1	1	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	2	9	3	7	2	3	3	0	0	0	0
PENNSYLVANIA MIDDLE	1	1	1	1	1	1	1	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	4	7	6	7	6	7	7	0	0	0	0
PUERTO RICO	1	1	0	0	2	5	3	2	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	24	41	13	20	9	10	10	0	0	0	0
SOUTH DAKOTA	2	2	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	1	1	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	2	2	2	3	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	6	6	2	2	1	1	1	0	0	0	0
TEXAS NORTHERN	7	10	2	3	1	1	0	0	0	1	0
TEXAS SOUTHERN	3	4	2	2	1	1	0	1	0	0	0
TEXAS WESTERN	10	12	3	3	5	5	5	0	0	0	0
UTAH	2	2	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	23	47	10	11	14	15	9	1	1	0	4
VIRGINIA WESTERN	1	1	1	1	0	0	0	0	0	0	0
WASHINGTON EASTERN	1	1	2	2	0	0	0	0	0	0	0
WASHINGTON WESTERN	7	7	1	1	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	1	1	1	1	1	1	1	0	0	0	0
WEST VIRGINIA SOUTHERN	1	1	1	1	1	1	1	0	0	0	0
WISCONSIN EASTERN	1	1	2	2	1	1	1	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	333	580	178	297	155	223	178	9	16	2	18

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	2	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	3	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	10	5	3	0	0	0
CALIFORNIA EASTERN	0	3	0	0	0	0
CALIFORNIA NORTHERN	6	5	0	2	0	0
CALIFORNIA SOUTHERN	1	0	1	0	1	0
COLORADO	1	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	1	0
FLORIDA MIDDLE	1	1	0	0	0	0
FLORIDA NORTHERN	1	0	0	0	0	0
FLORIDA SOUTHERN	1	0	0	3	1	3
GEORGIA MIDDLE	0	1	0	0	0	0
GEORGIA NORTHERN	2	0	0	0	0	0
GEORGIA SOUTHERN	0	1	0	0	0	0
GUAM	0	2	0	0	0	0
HAWAII	1	0	2	0	0	2
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	2	2	0	1	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	1	1	0	0	0	0
IOWA NORTHERN	0	0	1	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	1	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	3	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	2	0	0	0	0	0
MAINE	1	0	0	0	0	0
MARYLAND	1	0	1	0	3	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	1	0	0	0	0	0
MICHIGAN WESTERN	2	2	1	0	1	0
MINNESOTA	0	0	0	0	1	0
MISSISSIPPI NORTHERN	1	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	1	1	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	1	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	2	0	0	0	0	0
NEW HAMPSHIRE	1	0	0	0	0	0
NEW JERSEY	6	0	1	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	4	3	3	1	1	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	4	1	0	0	5	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	1	0	0	0	0	1
NORTH CAROLINA MIDDLE	1	1	0	0	0	0
NORTH CAROLINA WESTERN	1	1	1	0	0	0
NORTH DAKOTA	0	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	1	0	0	0	0
OHIO SOUTHERN	1	1	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	3	0	0	0	0	0
PENNSYLVANIA MIDDLE	1	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2006 REPORTED as of SEPTEMBER 30, 2006**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	6	0	0	0	0	1
PUERTO RICO	2	2	0	1	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	5	0	3	1	1	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	1	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	1	0	0	0	0	0
TEXAS WESTERN	5	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	3	0	5	1	0	1
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	1	0	0	0	0	0
WEST VIRGINIA SOUTHERN	1	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	1
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	91	35	22	13	17	9

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2006 numbers are actual data through the end of September 2006.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

APPENDIX G

Acronyms

A

AAGA	Assistant Attorney General for Administration
ACA	American Correctional Association
ACES	Analytic Cadre Education Strategy
ADR	Alternative Dispute Resolution
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFP	Assets Forfeiture Program
AMP	Asset Management Plan
ANSIR	Automated Nationwide System for Immigration Review
APB	Advisory Policy Board
ASU	Analytical Support Unit
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division
AUSA	Assistant United States Attorneys

B

BFS	Budgetary Financing Sources
BIA	Board of Immigration Appeals
BOP	Bureau of Prisons

C

CAP	Cooperative Agreement Program
CBO	Community-Based Organizations
CBT	Computer-Based Training
CDP	Candidate Development Program
CFO	Chief Financial Officer
CIA	Central Intelligence Agency
CID	Criminal Investigation Division
CIO	Chief Information Officer
CIV	Civil Division
CJIS	Criminal Justice Information Services
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
COTS	Commercial-Off-The-Shelf
CPC	Capacity Planning Committee
CPOT	Consolidated Priority Organization Target
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSRS	Civil Service Retirement System
CT	Counterterrorism

CTD	Counterterrorism Division
CW	Cooperating Witness
CY	Calendar Year

D

DAOG	Debt Accounting Operations Group
DCIA	Debt Collection Improvement Act of 1996
DEA	Drug Enforcement Administration
Department, The	Department of Justice
DHS	Department of Homeland Security
DNI	Director of National Intelligence
DOJ	Department of Justice
DOL	Department of Labor
DRMS	Department Rent Management System

E

EA	Enterprise Architecture
EAMMF	Enterprise Architecture Management Maturity Framework
EAPMO	Enterprise Architecture Program Management Office
EFT	Electronic Funds Transfer
ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
eTS	eTravel System
EVM	Earned Value Management

F

FAIR Act	Federal Activities Inventory Reform Act
FASAB	Federal Accounting Standards Advisory Board
FBCO	Faith-Based and Community Organization
FBI	Federal Bureau of Investigation
FBO	Faith-Based Organizations
FCI	Federal Correctional Institute
FCP	Financial Crimes Program
FEA	Federal Enterprise Architecture
FECA	Federal Employees Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FISCAM	Federal Information Systems Controls Audit Manual
FISMA	Federal Information Security Management Act
FLS	Federal Licensing System
FMFIA	Federal Managers' Financial Integrity Act
FMIS	Financial Management Information System
FPI	Federal Prison Industries, Inc.
FRPC	Federal Real Property Council

FTE	Full-Time Equivalent
FTTTF	Foreign Terrorist Tracking Task Force
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GMRA	Government Management Reform Act
GPEA	Government Paperwork Elimination Act
GPRA	Government Performance and Results Act
GS	General Schedule

H

HC	Human Capital
HCSP	Human Capital Strategic Plan
HHS	Department of Health and Human Services

I

I&I	Integration and Implementation
IA	Intelligence Analyst
IAFIS	Integrated Automated Fingerprint Identification System
IC	Intelligence Community
IC3	Internet Crimes Complaint Center
ICE	Immigration and Customs Enforcement
ICS	Intelligence Career Service
IDENT	DHS' Automated Fingerprint Identification Database
IEEPA	International Emergency Economic Powers Act
IG	Inspector General
IGA	Intergovernmental Agreement
IHP	Institutional Hearing Program
III	Interstate Identification Index
IINI	Innocent Images National Initiative
Integrity Act	Federal Managers' Financial Integrity Act
IPIA	Improper Payments Information Act
IPR	Intellectual Property Rights
IREO	Internal Review and Evaluation Office
IRM	Information Resource Management
ISRAA	Integrated Statistical Reporting and Analysis Application
IT	Information Technology
ITIM	IT Investment Management
IV&V	Independent Verification and Validation
IVRS	Integrated Violence Reduction Strategy

J

JABS	Joint Automated Booking System
JFMIP	Joint Financial Management Improvement Program

JMD	Justice Management Division
JRSA	Justice Research and Statistics Association
JTTF	Joint Terrorism Task Force
JVU	Justice Virtual University

L

LCMD	Life Cycle Management Directive
LCN	La Cosa Nostra
LEO	Law Enforcement Online
LMS	Learning Management System
LTTE	Liberation Tigers of Tamil Eelam

M

MOA	Memorandum of Agreement

N

NAPA	National Academy of Public Administration
NCIC	National Crime Information Center
NCMEC	National Center for Missing and Exploited Children
NCVS	National Crime Victimization Survey
NDIC	National Drug Intelligence Center
NIBIN	National Integrated Ballistic Information Network
NICS	National Instant Criminal Background Check System
NIJ	National Institute of Justice
NIST	National Institute of Standards and Technology
NSD	National Security Division
NYSE	New York Stock Exchange

O

OBD	Offices, Boards and Divisions
OC	Office of the Comptroller (OJP)
OCDETF	Organized Crime Drug Enforcement Task Force
OCIO	Office of the Chief Information Officer
ODR	Office of Dispute Resolution
OFBCI	Office of Faith-Based and Community Initiatives
OFDT	Office of the Federal Detention Trustee
OFS	Other Financing Sources
OIA	Office of International Affairs
OIG	Office of the Inspector General
OIPM	Office of Information Technology Program Management
OJP	Office of Justice Programs
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPEAU	Organizational Program Evaluation and Analysis Unit
OPI	Office of Protective Intelligence

OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OSC	Office of Special Counsel
OTJ	Office of Tribal Justice
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
OWS	Office for Weed and Seed

P

PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PHS	Public Health Services
PIJ	Palestinian Islamic Jihad
PL	Public Law
PMA	President's Management Agenda
PMO	Program Management Office
PMP	Program Management Plan
POAM	Plan of Action and Milestones
PP&E	Property, Plant and Equipment
PROTECT	Children's Online Privacy Protection Act of 1998
PSN	Project Safe Neighborhoods
PTS	Prisoner Tracking System

Q

QC	Quality Control
QSR	Quarterly Status Report

R

RECA	Radiation Exposure Compensation Act
RFQ	Request for Quotation
RFTF	Regional Fugitive Task Force
RICO	Racketeering Influenced Corrupt Organization
RISS	Regional Information Sharing System
RSAT	Residential Substance Abuse Treatment

S

SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCI	Sensitive Compartmented Information
SCNP	Statement of Changes in Net Position
SEA	Safe Explosives Act
SENTRY	Bureau of Prisons' primary mission-support database
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal
SRPO	Senior Real Property Officer

SSA	Senior Special Agent

T

TAX	Tax Division
TCEP	Transnational Criminal Enterprise Program
TPMO	eTravel Program Management Office
TSC	Terrorist Screening Center
TSDB	Terrorist Screening Database
TSP	Federal Thrift Savings Plan

U

UBT	Unobligated Balance Transfer
UCR	Uniform Crime Report
UFMS	Unified Financial Management System
UHP	Universal Hiring Program
USA	United States Attorneys
USA PATRIOT	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism
USAO	United States Attorneys' Offices
USC	United States Code
USMS	United States Marshals Service
USP	United States Penitentiary
UST	United States Trustee
USTP	United States Trustees Program

V

VCIT	Violent Crime Impact Team
VOCA	Victim of Crime Act
VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing

W

WCC	White-Collar Crime
WCF	Working Capital Fund
WIN	Warrant Information Network System
WMD	Weapons of Mass Destruction
WTC	World Trade Center

APPENDIX H

Department Component Websites

Component	Website
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.usdoj.gov/americannative/whats_new.htm
Antitrust Division	www.usdoj.gov/atr/index.html
Bureau of Alcohol, Tobacco, Firearms and Explosives	www.atf.gov
Bureau of Justice Assistance (OJP)	www.ojp.usdoj.gov/bja/
Bureau of Justice Statistics (OJP)	www.ojp.usdoj.gov/bjs/
Civil Division	www.usdoj.gov/civil/home.html
Civil Rights Division	www.usdoj.gov/crt/crt-home.html
Community Oriented Policing Services - COPS	www.cops.usdoj.gov
Community Capacity Development Office (OJP)	www.ojp.usdoj.gov/ccdo/welcome_flash.html
Community Relations Service	www.usdoj.gov/crs/index.html
Criminal Division	www.usdoj.gov/criminal/criminal-home.html
Diversion Control Program	www.deadiversion.usdoj.gov/
Drug Enforcement Administration	www.usdoj.gov/dea/
Environment and Natural Resources Division	www.usdoj.gov/enrd/
Executive Office for Immigration Review	www.usdoj.gov/eoir/
Executive Office for U.S. Attorneys	www.usdoj.gov/usao/eousa/
Executive Office for U.S. Trustees	www.usdoj.gov/ust/
Federal Bureau of Investigation	www.fbi.gov/
Federal Bureau of Prisons	www.bop.gov
Foreign Claims Settlement Commission of the United States	www.usdoj.gov/fcsc/
INTERPOL - U.S. National Central Bureau	www.usdoj.gov/usncb/
Justice Management Division	www.usdoj.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.org/
National Drug Intelligence Center	www.usdoj.gov/ndic/
National Institute of Corrections	www.nicic.org/
National Institute of Justice (OJP)	www.ojp.usdoj.gov/nij/
Office of the Associate Attorney General	www.usdoj.gov/aag/index.html
Office of the Attorney General	www.usdoj.gov/ag/
Office of the Deputy Attorney General	www.usdoj.gov/dag/
Office of Dispute Resolution	www.usdoj.gov/odr/
Office of the Federal Detention Trustee	www.usdoj.gov/ofdt/index.html
Office of Information and Privacy	www.usdoj.gov/oip/oip.html
Office of the Inspector General	www.usdoj.gov/oig/
Office of Intelligence Policy and Review	www.usdoj.gov/oipr/
Office of Intergovernmental and Public Liaison	www.usdoj.gov/oipl/index.html
Office of Justice Programs	www.ojp.usdoj.gov/
Office of Juvenile Justice and Delinquency Prevention (OJP)	www.ojjdp.ncjrs.org/
Office of Legal Counsel	www.usdoj.gov/olc/index.html
Office of Legal Policy	www.usdoj.gov/olp/
Office of Legislative Affairs	www.usdoj.gov/ola/
Office of the Pardon Attorney	www.usdoj.gov/pardon/
Office of the Police Corps (OJP)	www.ojp.usdoj.gov/opclee/
Office of Professional Responsibility	www.usdoj.gov/opr/index.html
Office of Public Affairs	www.usdoj.gov/opa/index.html
Office of the Solicitor General	www.usdoj.gov/osg/
Office of Tribal Justice	www.usdoj.gov/otj/index.html
Office for Victims of Crime (OJP)	www.ojp.usdoj.gov/ovc/
Office on Violence Against Women	www.usdoj.gov/ovw/
Tax Division	www.usdoj.gov/tax/
U.S. Attorneys	www.usdoj.gov/usao/
U.S. Marshals Service	www.usdoj.gov/marshals/
U.S. Parole Commission	www.usdoj.gov/uspc/