



**THE ATTORNEY GENERAL'S  
SEMIANNUAL MANAGEMENT REPORT  
TO CONGRESS**

**April 1, 2016 – September 30, 2016**

## **Background**

In accordance with the Inspector General Act of 1978,<sup>1</sup> as amended, the Department of Justice (Department or DOJ) provides the following management report. The first section provides Department management's response to concerns raised by the Office of the Inspector General (OIG) in its Semiannual Report to Congress related to timely access to certain records. The second section describes the Department's actions during the semiannual period ended September 30, 2016, to address recommendations from the OIG provided in audit, inspection, and evaluation reports. The first sub-section in Section II provides information on the status of final action for OIG reports with disallowed costs. The second sub-section provides information on the status of final action for OIG reports with recommendations that funds be put to better use. The third and final sub-section of the report, which addresses a reporting requirement for OIG audit reports only, provides the status of final action for reports open longer than one year for which management decisions have been made but final action has not been taken. During the semiannual reporting period, DOJ components implemented policy and management changes to close 321 recommendations that had been open longer than one year.

### **I. Department Management's Response to Concerns Raised by the OIG Related to Timely Access to Certain Records**

In response to the OIG's concern with timely access to certain records, the Department has repeatedly stated its commitment to ensuring that the OIG has access to the information it needs to perform its oversight mission effectively. In every instance in which the OIG has asked the Department for access to materials protected from disclosure by statute – such as grand jury materials protected by Federal Rule of Criminal Procedure 6(e), the contents of lawfully intercepted communications protected by the Federal Wiretap Act (Title III of the Omnibus Crime Control and Safe Streets Act of 1968), or private consumer records protected by section 626 of the Fair Credit Reporting Act (FCRA) – the Attorney General or the Deputy Attorney General has ensured that the OIG obtained access to the requested materials.

In keeping with our commitment to ensuring the OIG's access to information, the Department simplified its process of disclosing requested materials to the OIG. Following that change, on April 27, 2016, in response to a request for legal advice by the Deputy Attorney General, the Office of Legal Counsel issued an opinion concluding that section 540 of the Department's 2016 Appropriations Act permits the Department to disregard the limitations in Rule 6(e), Title III, and section 626 of the FCRA when responding to requests for access by the OIG. In accordance with this opinion, the Deputy Attorney General subsequently issued a memorandum instructing Department components to disclose grand jury materials, lawfully intercepted communications, and private consumer records directly to the OIG, without any additional procedures or delay, and regardless of whether federal statutes would otherwise prohibit the disclosure of those materials.

On November 3, 2015, the Department provided Congress with draft legislation to ensure that the OIG has access to the information it needs. We look forward to continuing to work with the OIG and Congress to address this important issue.

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<sup>1</sup> 5 U.S.C. App.

## II. DOJ Management Report on Final Action

### A. Status of Final Action for OIG Reports with Disallowed Costs<sup>2</sup>

Status of Final Action on Disallowed Costs (six-month period ended September 30, 2016)			
Category	Disallowed Costs	No. of OIG Reports	
<b>Value of disallowed costs for which final action had not been taken by the beginning of the reporting period</b>	<b>\$7,983,350</b>	<b>27</b>	
Value of disallowed costs included in the total above that management determined during the reporting period to be allowable costs based on the review of additional information	\$0		
<b>Subtotal</b>	<b>\$7,983,350</b>		
Value of disallowed costs agreed to by management in a final decision during the reporting period	\$3,366,792		
Value of disallowed costs pending final action during the reporting period (sum of preceding two lines)	\$11,350,142		
Value of disallowed costs for which final action was taken during the reporting period (sum of next three lines)	\$1,992,554		
Disallowed costs recovered by management through collection, offset, property in lieu of cash, or other means	\$1,307,279		
Disallowed costs referred to the U.S. Department of the Treasury for collection	\$685,275		
Disallowed costs written off by management	\$0		
<b>Value of disallowed costs for which final action had not been taken by the end of the reporting period</b>	<b>\$9,357,588</b>		<b>24</b>

<sup>2</sup> This sub-section reflects the status of final action for OIG reports with disallowed costs, in accordance with the Inspector General Act, as amended. For purposes of this report, the term *disallowed cost* means an incurred cost questioned by the OIG that DOJ management, in a final decision, agreed should not have been charged to the Government. The term *final decision* means management has evaluated the finding and recommendation and made a decision concerning its response, including actions concluded to be necessary or that no action is necessary. The OIG can question costs for various findings such as, at the time of audit, costs were not supported by adequate documentation. Historically, the Department has been able to provide adequate support for the majority of OIG questioned costs, resulting in the questioned costs being deemed allowable.

**B. Status of Final Action for OIG Reports with Recommendations that Funds be Put to Better Use<sup>3</sup>**

<b>Status of Final Action on Funds to Better Use Recommendations</b> (six-month period ended September 30, 2016)		
<b>Category</b>	<b>FBU Recommendations</b>	<b>No. of OIG Reports</b>
<b>Value of FBU recommendations for which final action had not been taken by the beginning of the reporting period</b>	<b>\$466,576</b>	<b>1</b>
Value of FBU recommendations agreed to by management in a final decision during the reporting period	\$341,621	
Value of FBU recommendations pending final action during the reporting period (sum of preceding two lines)	\$808,197	
Value of FBU recommendations for which final action was taken during the reporting period (sum of next two lines)	\$269,346	
FBU recommendations completed	\$269,346	
FBU recommendations that management subsequently concluded should not or could not be implemented or completed	\$0	
<b>Value of FBU recommendations for which final action had not been taken by the end of the reporting period</b>	<b>\$538,851</b>	<b>2</b>

<sup>3</sup> This sub-section reflects the status of final action for OIG reports with recommendations that funds be put to better use (FBU) that management agreed to in a final decision, in accordance with the Inspector General Act, as amended. For purposes of this report, the term *FBU recommendation* means a recommendation by the OIG that funds could be used more efficiently if management took actions to implement and complete the recommendation.

**C. Status of Final Action for OIG Audit Reports Open Longer than One Year for which Management Decisions Have Been Made but Final Action Has Not Been Taken<sup>4</sup>**

Status of Final Action for Audit Reports Open Longer than One Year for which Management Decisions Have Been Made but Final Action Has Not Been Taken (as of September 30, 2016)					
Report Number	Audit Report Title	Report Date	Management Improvements		Status of Final Action
			Recommended	Final Action Taken	
<b>BOP – Bureau of Prisons</b>					
10-30	Follow-up Audit of the Federal Bureau of Prisons' Efforts to Manage Inmate Health Care	07/07/2010	7	6	BOP has taken final action on 6 of the 7 recommendations. In addition, BOP has completed various actions related to the remaining recommendation involving the need for BOP to formalize guidance established in response to the audit's recommendations. BOP incorporated the Credential Verification Program Statement and related interim guidance into the BOP Program Statement pertaining to health care providers. Implementation of the requirements set forth in the Program Statement is pending negotiation with the BOP national union.
10-44	The Federal Bureau of Prisons' Furlough Program	09/01/2010	7	6	BOP has taken final action on 6 of the 7 recommendations. In addition, BOP has completed various actions related to the remaining recommendation involving the sharing and storing of documentation related to furloughs. Completion of final action is dependent, in part, on BOP's conversion to electronic inmate files, which is scheduled to be completed in FY 2017.

<sup>4</sup> This sub-section reflects the status of final action for OIG audit reports open longer than one year for which management decisions have been made but final action has not been taken. For purposes of this report, the term *final action* means the completion of all actions that management concluded in its final decision are necessary with respect to the findings and recommendations in the audit report.

Status of Final Action for Audit Reports Open Longer than One Year for which Management Decisions Have Been Made but Final Action Has Not Been Taken (as of September 30, 2016)					
Report Number	Audit Report Title	Report Date	Management Improvements		Status of Final Action
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<b>COPS - Office of Community Oriented Policing Services</b>					
10-25	A Review of the Grantee Selection Process for the COPS Hiring Recovery Program	05/14/2010	7	6	COPS has taken final action on 6 of the 7 recommendations. In addition, COPS has completed various actions related to the remaining recommendation to provide OJP with access to additional COPS grants management data to facilitate the grants management functions OJP performs for COPS. COPS continues to work with OJP and OVW on an Enterprise Grants Management Data Collaboration Initiative that will allow all three grant-issuing components to access each other's grants data. Final action on the remaining recommendation is expected to be completed in FY 2017.
Various	3 Grant Audit Reports	Various	19	3	COPS continues to work with grantees to remedy reported deficiencies and questioned costs and complete final action on disallowed costs valued at \$69,383.
<b>CRM – Criminal Division</b>					
GR-50-15-007	Charter Township of Plymouth Police Department's Equitable Sharing Program Activities, Plymouth Township, Michigan	09/30/2015	12	0	CRM continues to work with the Charter Township of Plymouth Police Department to remedy reported deficiencies and complete final action on disallowed costs valued at \$51,383. CRM plans for final action on the recommendations to be completed in FY 2017.

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<b>DEA – Drug Enforcement Agency</b>					
15-28	Drug Enforcement Administration's Confidential Source Policies And Oversight of Higher-Risk Confidential Sources	07/20/2015	7	5	DEA has taken final action on 5 of the 7 recommendations. In addition, DEA has completed various actions related to the remaining recommendations involving policy updates for DEA's Confidential Source Program. DEA plans to complete final action on the remaining recommendations in FY 2017.
<b>EOUSA - Executive Office for United States Attorneys</b>					
14-15	Executive Office For United States Attorneys' Laptop Computer and Electronic Tablet Encryption Program and Practices	03/19/2014	13	12	EOUSA has taken final action on 12 of the 13 recommendations. In addition, EOUSA has completed various actions related to the remaining recommendation for EOUSA's Encryption Program. EOUSA plans to complete final action on the remaining recommendation in FY 2017.
<b>FBI – Federal Bureau of Investigation</b>					
09-25	The Federal Bureau of Investigation's Management of Terrorist Watchlist Nominations	05/06/2009	16	15	FBI has taken final action on 15 of the 16 recommendations. In addition, FBI has completed various actions related to the remaining recommendation involving an evaluation of the overall watchlisting process. OIG suspended follow-up for the audit in December 2011 pending completion of its follow-on audit of FBI's management of terrorist watchlist nominations. OIG issued the follow-on audit report in March 2014 and, in April 2014, reopened follow-up for the 2009 audit. FBI plans to complete final action on the remaining recommendation in FY 2017.

<b>Status of Final Action for Audit Reports Open Longer than One Year for which Management Decisions Have Been Made but Final Action Has Not Been Taken</b> (as of September 30, 2016)					
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			<b>Recommended</b>	<b>Final Action Taken</b>	
14-16	Federal Bureau of Investigation's Management of Terrorist Watchlist Nominations	03/24/2014	12	11	FBI has taken final action on 11 of the 12 recommendations. In addition, FBI has completed various actions related to the remaining recommendation involving the watchlist. FBI plans to complete final action on the remaining recommendation in FY 2017.
GR-90-15-002	Compliance with Standards Governing Combined DNA Index System Activities at the Honolulu Police Department Scientific Investigation Section Forensic Laboratory, Honolulu, Hawaii	03/17/2015	6	3	FBI has taken final action on 3 of the 6 recommendations. FBI continues to coordinate with the Honolulu Police Department Scientific Investigation Section Forensic Laboratory to complete final action on the remaining recommendations. The recommendations pertain to the laboratory needing to enhance physical security and maintain documentation of timely resolution and notification of confirmed DNA matches. FBI plans to complete final action on the remaining recommendations in FY 2017.
NFPR <sup>5</sup>	6 FISMA Audit Reports	Various	115	77	FBI has taken final action on 77 of the 115 recommendations related to FISMA. In addition, FBI completed various actions during the reporting period on the remaining recommendations. FBI is awaiting OIG concurrence that FBI has completed final action.

<sup>5</sup> Due to law enforcement sensitivity reasons, the OIG issues its Federal Information Security Management Act (FISMA) audit reports as Not For Public Release (NFPR).



Status of Final Action for Audit Reports Open Longer than One Year for which Management Decisions Have Been Made but Final Action Has Not Been Taken (as of September 30, 2016)					
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			Recommended	Final Action Taken	
<b>JMD – Justice Management Division</b>					
13-40	Department of Justice's Implementation of and Compliance with Certain Classification Requirements	09/27/2013	14	12	JMD has taken final action on 12 of the 14 recommendations. In addition, JMD has completed various actions related to the remaining recommendations involving security classification guides and dissemination control markings. JMD plans to complete final action on the remaining recommendations in FY 2017.
14-32	Department of Justice's Oversight of Costs Incurred through the Fees and Expenses of Witness Appropriation	09/23/2014	12	1	JMD has taken final action on 1 of the 12 recommendations. In addition, JMD has completed various actions related to the remaining recommendations involving policies and procedures for costs incurred through the fees and expenses of witness appropriation. JMD plans to complete final action on the remaining recommendations in FY 2017.
NFPR	2 FISMA Audit Reports	Various	7	5	JMD has taken final action on 5 of the 7 recommendations related to FISMA and plans to complete final action on the remaining recommendations in FY 2017.
<b>OJP – Office of Justice Programs</b>					
14-23	Office of Justice Programs Bureau of Justice Assistance John R. Justice Grant Program	05/19/2014	12	11	OJP has taken final action on 11 of the 12 recommendations. This included completing final action during the reporting period on funds to better use valued at \$19,282. In addition, OJP has taken various actions related to the remaining recommendation and questioned costs involving repayments by grant beneficiaries who have exited the program. OJP plans to complete final action on the remaining recommendation in FY 2017.

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15-21	Office of Justice Programs' Processing of Public Safety Officers' Benefit Programs Claims	05/19/2014	4	2	OJP has taken final action on 2 of the 4 recommendations. In addition, OJP has taken various actions related to the remaining recommendations involving the collection, management, and reporting of claims data. OJP plans to complete final action on the remaining recommendations in FY 2017.
Various	23 Grant Audit Reports	Various	234	136	OJP completed final action during the reporting period on disallowed costs valued at \$1,202,459. OJP continues to work with grantees to remedy reported deficiencies and questioned costs and complete final action on disallowed costs valued at \$4,008,181.
Various	76 Single Audit Act Reports	Various	264	100	OJP completed final action during the reporting period on disallowed costs valued at \$114,146. OJP continues to work with grantees to remedy reported deficiencies and questioned costs and complete final action on disallowed costs valued at \$2,169,494.
<b>OVW - Office on Violence Against Women</b>					
Various	18 Grant Audit Reports	Various	149	82	OVW completed final action during the reporting period on disallowed costs valued at \$29,961. OVW continues to work with grantees to remedy reported deficiencies and questioned costs and complete final action on disallowed costs valued at \$1,277,371.
<b>USMS - United States Marshals Service</b>					
NFPR	FISMA Audit Report	06/25/2014	8	7	USMS has taken final action on 7 of the 8 recommendations related to FISMA and plans to complete final action on the remaining recommendation in FY 2017.

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			Recommended	Final Action Taken	
<b>Audit Reports Encompassing More Than One DOJ Component</b>					
14-12	Department of Justice's Efforts to Address Mortgage Fraud	03/12/2014	7	6	The Department has taken final action on 6 of the 7 recommendations. In addition, the Department has completed various actions related to the remaining recommendation for improving the reporting of its efforts to combat mortgage fraud. The Department plans to complete final action on the remaining recommendation in FY 2017.
14-33	Crime Victim Fund Disbursements to the Federal Bureau of Investigation and Executive Office for United States Attorneys	09/26/2014	10	8	The Department has taken final action on 8 of the 10 recommendations. In addition, the Department has completed various actions related to the remaining recommendations for developing uniform reporting standards for performance statistics and improving the effectiveness of internal control over Crime Victim Fund disbursements. The Department plans to complete final action on the remaining recommendations in FY 2017.
15-01	Department of Justice's Management of International Fugitive Removal Activities	11/12/2014	9	0	The Department has taken various actions to implement the recommendations for improving its management of international fugitive removal activities. Most of the recommendations require updates to policy, which are underway. The Department plans to complete final action on the recommendations in FY 2017.

<b>Status of Final Action for Audit Reports Open Longer than One Year for which                      Management Decisions Have Been Made but Final Action Has Not Been Taken</b> (as of September 30, 2016)					
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			<b>Recommended</b>	<b>Final Action Taken</b>	
15-33	The Department of Justice's Use of Extended Temporary Duty Travel	09/28/2015	14	9	The Department has taken final action on 9 of the 14 recommendations. In addition, the Department has completed various actions related to the remaining recommendations involving component use and reporting of extended temporary duty travel and updates to Department-level policy, which are underway. The Department plans to complete final action on the remaining recommendations in FY 2017.