

OVERVIEW

MISSION AND ORGANIZATIONAL STRUCTURE

Mission

On November 8, 2001, the Attorney General announced a comprehensive review and reorganization of the Department to meet the counterterrorism mission. At the same time, the Attorney General released the Department's Strategic Plan for Fiscal Years 2001-2006. This Plan adds a new strategic goal—to protect our nation and its citizens from a serious, immediate, and ongoing threat of terrorism—and describes the objectives we will pursue to accomplish it. To achieve this goal, we will devote all resources necessary to disrupt, weaken, and eliminate terrorist networks; to prevent or thwart terrorist attacks; and to bring to justice the perpetrators of terrorist acts. Although the fight against terrorism has always been part of our mission, it is now the first and overriding priority of the Department. The overall mission of the Department, as reflected in its Strategic Plan for Fiscal Years 2001-2006, is:

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; to administer and enforce the Nation's immigration laws fairly and effectively; and to ensure fair and impartial administration of justice for all Americans.

Core Values

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.

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces fully the concepts of performance-based management. At the heart of these concepts is the idea that focusing on mission, agreeing on goals, and reporting results are keys to improved performance. 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 and monitoring the 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.

Organizational Structure of the Department

The Department is headed by the Attorney General of the United States. It is comprised of 39 separate component organizations. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the U.S. Government in court; the major investigative agencies, the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA), which prevent and deter crime and arrest criminal suspects; the Immigration and Naturalization Service (INS) which controls the border and provides services to lawful immigrants; the U.S. Marshals Service (USMS) which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; and the Bureau of Prisons (BOP) (including Federal Prison Industries and the National Institute of Corrections) which primarily confines convicted offenders. Litigating divisions enforce federal criminal and civil laws, including civil rights, tax,

Financial Structure

The Department's financial structure is comprised of the following principal components (a complete listing is included in Appendix B):

- 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)
- Immigration and Naturalization Service (INS)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

PERFORMANCE INFORMATION

Department of Justice performance information is presented on the following pages. The information is organized by strategic goal and strategic objective and is consistent with the Department's Government Performance and Results Act (GPRA) performance plans and reports. A complete FY 2002 performance report, which contains data validation and verification information for each measure presented, is included in Part II of this document. The eight strategic goals are also listed in Table 2.

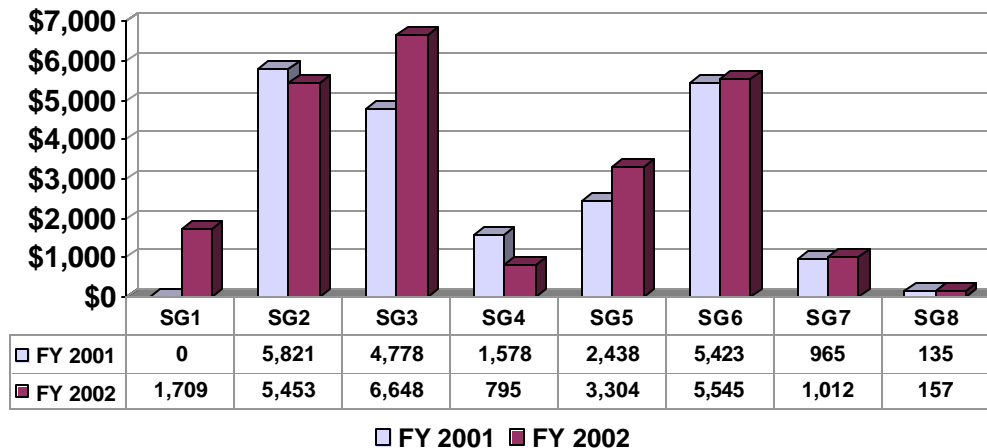
**Table 1. Source of DOJ Resources
(Dollars in Thousands)**

Source	FY 2002	FY 2001
Exchange Revenue:	\$3,492,571	\$3,425,583
Budgetary Financing Sources:		
Appropriations Received	24,922,185	21,361,699
Appropriations Transferred In/Out	353,705	281,438
Non-exchange Revenues	607,375	605,316
Donations and Forfeitures of Cash and Cash Equivalents	355,659	357,926
Transfers In/Out Without Reimbursement	158,643	70,126
Other Adjustments and Other Budgetary Financing Sources	(811,048)	105,378
Other Financing Sources:		
Donations and Forfeitures of Property	68,333	49,734
Transfers In/Out Without Reimbursement	(36,163)	29,638
Imputed Financing From Costs Absorbed by Others	584,871	575,415
Total	\$29,696,131	\$26,862,253

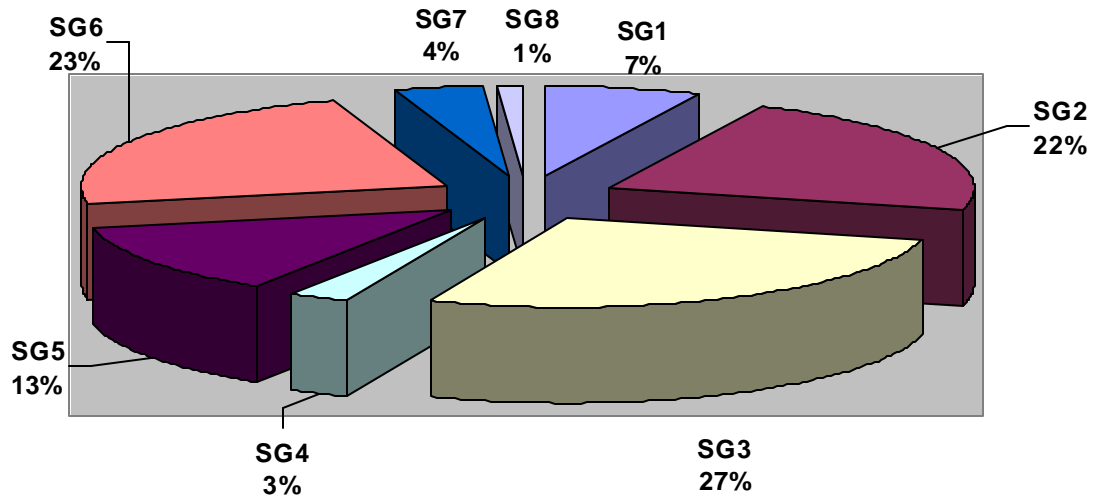
**Table 2. How DOJ Resources are Spent (Net of Earned Revenue)
(Dollars in Thousands)**

Strategic Goal (SG)		FY 2002	FY 2001	% Change
SG 1	Protect America Against the Threat of Terrorism	\$1,709,330	\$0	new
SG 2	Enforce Federal Criminal Laws	5,453,250	\$5,820,595	-6%
SG 3	Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local, and Community-Based Programs	6,647,709	4,777,968	39%
SG 4	Protect the Rights and Interests of the American People by Legal Representation, Enforcement of Federal Laws, and Defense of U.S Interests	794,969	1,578,087	-50%
SG 5	Fairly and Effectively Administer the Immigration and Naturalization Laws of the United States	3,304,286	2,438,120	36%
SG 6	Protect American Society by Providing for the Safe, Secure, and Humane Confinement of Persons in Federal Custody	5,544,848	5,422,690	2%
SG 7	Protect the Federal Judiciary and Provide Critical Support to the Federal Justice System to Ensure It Operates Effectively	1,011,712	965,116	5%
SG 8	Ensure Professionalism, Excellence, Accountability, and Integrity in the Management and Conduct of the Department of Justice Activities and Programs	156,611	134,766	16%
Total		\$24,622,715	\$21,137,342	

**Comparison of Net Costs
(\$ millions) - FY 2001 and FY 2002**



FY 2002 Net Costs by Strategic Goal



FY 2002 Financial Highlights

The Department's total assets as of September 30, 2002, were \$31.1 billion, with approximately 67 percent of that balance consisting of the fund balance held with the Department of the Treasury. Total liabilities were approximately \$7.5 billion. The net cost of operations totaled \$24.6 billion for the year ended September 30, 2002, an increase of \$3.5 billion over the \$21.1 billion in net costs reported for FY 2001.

Changes in expenditures across goals from FY 2001 to FY 2002 result in part from a shift in the Department's Strategic Goal structure from FY 2001 to FY 2002. In November 2001, the Attorney General issued his Strategic Plan for FY 2001-FY 2006. This Plan added an entirely new Strategic Goal 1 for the Department: Protect America Against the Threat of Terrorism. To accommodate the new goal, costs were realigned accordingly, and some net cost trend comparisons against the FY 2001 goals may not be appropriate as a result. A brief description of some of the major costs included in each Strategic Goal follows, along with an explanation of significant changes in expenditures from FY 2001 to FY 2002 for selected goals.

Strategic Goal 1, Protect America Against the Threat of Terrorism, is a new goal in FY 2002 and includes newly funded resources dedicated to counterterrorism initiatives as well as costs of

United States Attorneys and Criminal Division activities which were reported as legal enforcement activities under Goal 4 in prior fiscal years.

Strategic Goal 2, Enforce Federal Criminal Laws, includes the criminal prosecution related functions of the OBDs, the USAs, the Assets Forfeiture Fund, the DEA, and the FBI.

Strategic Goal 3, Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local, and Community-Based Programs, includes OJP and COPS grant programs, as well as services to America's crime victims and the Assets Forfeiture Fund. In FY 2002, Goal 3 net costs increased by 39 percent. A significant portion of the increase is due to payments on claims arising from the Radiation Exposure Compensation Act of 1990; and payments made from the September 11th Victim Compensation Fund. Costs in most OJP programs were consistently higher in FY 2002 compared to FY 2001. The State Criminal Alien Assistance program administered by OJP spent approximately \$1 billion in FY 2002, an increase of nearly 50 percent over FY 2001 net cost.

Strategic Goal 4, Protect the Rights and Interests of the American People by Legal Representation, Enforcement of Federal Laws, and Defense of U.S. Interests, includes the civil prosecution-related activities of the legal divisions

and the U.S. Attorneys. Goal 4 net costs decreased by 50 percent in FY 2002. The decrease results primarily from a shift in the Department's strategic Goal structure from FY 2001 to FY 2002. Counterterrorism costs were moved to Goal 1 and criminal-related law enforcement activities previously reported under Goal 4 were moved to Goal 2.

Strategic Goal 5, Fairly and Effectively Administer the Immigration and Naturalization Laws of the United States, primarily includes the INS and Executive Office for Immigration Review. In FY 2002, Goal 5 net costs increased by 36 percent, primarily due to enhancements in INS programs including Adjudication and Naturalization; International Affairs; Intelligence; Inspections; Investigations; Detention and Removal, and Border Patrol.

Strategic Goal 6, Protect American Society by Providing for the Safe, Secure, and Humane Confinement of Persons in Federal Custody, includes the detention-related functions of USMS and INS, as well as all activities of the BOP (which includes Federal Prison Industries).

Strategic Goal 7, Protect the Federal Judiciary and Provide Critical Support to the Federal Justice System to Ensure It Operates Effectively, includes the UST program, the Department's Fees and Expenses of Witnesses programs (OBD components), and the activities of the USMS.

Strategic Goal 8, Ensure Professionalism, Excellence, Accountability, and Integrity in the Management and Conduct of Department of Justice Activities and Programs, includes the JMD and the Wireless Management Office, among other OBD offices, and the WCF. In FY 2002, Goal 8 net costs increased by 16 percent, resulting primarily to an increase in Debt Collection Management activity.

Counterterrorism Resources

Strategic Goal I, with FY 2002 net costs of \$1.7 billion, applies a strict definition to the resources that are considered "counterterrorism" in nature: it includes those activities for which the primary mission is counterterrorism. For the Department, this includes activities of the FBI, OJP, United States Attorney's offices, and the Criminal Division. However, many of the Department's other activities support the counterterrorism mission in a variety of ways. Using a broader definition of counterterrorism activities, to include providing homeland security, then the Department spent approximately \$2.3 billion on the counterterrorism/homeland security effort in FY 2002. This represents approximately 9 percent of the Department's net costs in FY 2002, and includes the following activities: World Trade Center and Pentagon investigations, airport security, protective details for certain trials, upgraded security at certain federal buildings, anthrax investigations, and counterterrorism activities within the INS.

Data Reliability and Validity

The Department views data reliability and validity as critically important in the planning and assessment of its performance. As such, Part II of this document includes a discussion of data validation and verification for each performance measure presented. In addition, each reporting component was requested to ensure that data reported met the OMB standards for data reliability that is presented in Circular A-11 (2002), Section 231.7. The OMB standard is as follows:

Performance data are acceptably reliable when there is neither a refusal nor a marked reluctance by agency managers or government decisionmakers to use the data in carrying out their responsibilities. Performance data need not be perfect to be reliable, and the cost and effort to secure the best performance data possible can exceed the value of any data so obtained.

FY 2002 REPORT ON SELECTED ACCOMPLISHMENTS

STRATEGIC GOAL 1: Protect America Against the Threat of Terrorism

7% of the Department's Net Costs support this Goal.

STRATEGIC OBJECTIVE 1.1: PREVENT TERRORISM

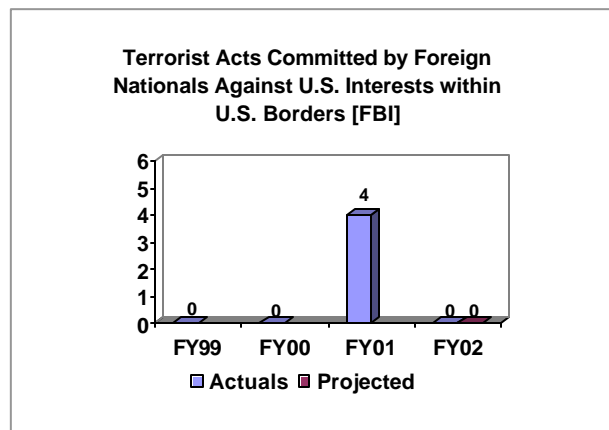
Prevent, disrupt, and defeat terrorist operations before they occur

Prevent Terrorists' Acts

Preventing terrorist acts is the Department's first priority. Many Department of Justice components play critical roles in this effort, including, of course, the FBI. The FBI's Counterterrorism (CT) program strategy recognizes that the underlying political/religious/social movements that drive terrorist acts are beyond the control of any law enforcement organization.

To effectively address terrorism, the FBI has developed a comprehensive strategy focused on building maximum feasible capacity in the CT program. Maximum feasible capacity is achieved when the CT program has all necessary elements in place in five areas of competency: investigations, intelligence, communications, liaison, and program management. The effort to achieve maximum feasible capacity involves in-depth assessment of the program's current capacity, identification of performance gaps, and focusing resources and attention on specific initiatives to close these gaps.

By maximizing capacity in all five levels, the FBI can proactively assure that the CT program is in the best possible position to prevent terrorist acts. This strategy enables the FBI to maintain a specific and defined strategy, thorough intelligence gathering, valid and straightforward reporting and tracking



mechanisms, effective intra- and interagency liaison and cooperation, and accountable program management.

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

FY 2002 Target: 0

FY 2002 Actual: 0

Discussion: In FY 2002 there were no terrorist acts committed by foreign nationals against U.S. interests within our borders.

STRATEGIC OBJECTIVES 1.2-1.3: INVESTIGATE AND PROSECUTE TERRORIST ACTS

Develop and implement the full range of resources available to investigate terrorist incidents, bringing their perpetrators to justice and vigorously prosecute those who have committed, or intend to commit, terrorist acts against the United States

Investigate and Prosecute Terrorist Acts

Through criminal and national security investigations, the Department of Justice works to arrest and prosecute or deport terrorists and their supporters and to disrupt financial flows that provide resources to terrorists operations. These investigations enable the Department to gather information, punish terrorists, develop and solidify relationships with critical partners, and maintain a presence visible to both potential terrorists and the American public, all of which are critical pieces of the Department's efforts against terrorism.

The new counterterrorism strategy implemented by the Department after September 11, 2001, includes the development of Anti-Terrorism Task Forces. Each United States Attorney's office identified one experienced prosecutor to serve as the Anti-Terrorism Coordinator for that district's Anti-Terrorism Task Force. The Coordinator convenes meetings of representatives from the federal law enforcement agencies – including the FBI, INS, DEA, U.S. Customs Service, U.S. Marshals Service, U.S. Secret Service, and Bureau of Alcohol, Tobacco and Firearms – and the primary state and local police forces, along with other appropriate state agencies and officials in each district. These task forces are part of a national network that coordinates the dissemination of information throughout the country. The implementation of these task forces coordinated by the United States Attorney in each district and interfacing with the Department through the Criminal Division's Regional Terrorism Coordinators, supports a concerted national assault against terrorism.

In addition, the Department created a Terrorist Financing Task Force, consisting of attorneys from the Criminal and Tax Divisions and the U.S. Attorneys' offices, to coordinate the nationwide prosecutorial efforts against groups and individuals assisting in financing international terrorism. This task force works closely with the FBI's Financial

Review Group, which draws resources from numerous federal law enforcement agencies and is devoted to the collection and analysis of information concerning terrorist financing.

Performance Measure: Number of Terrorist Cases Investigated [FBI]

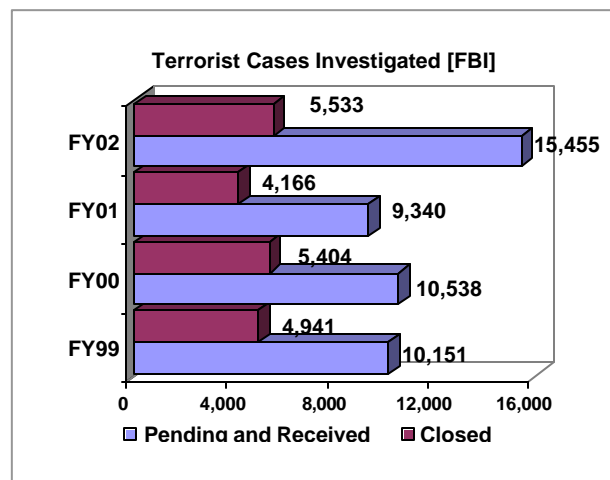
FY 2002 Target: N/A

FY 2002 Actual:

Pending and Opened: 15,455

Closed: 5,533

Discussion: Each case represents effort towards the investigation and prevention of terrorism. While the number of investigations itself does not fully capture the efforts or effects of the Department's counterterrorism program, this measure does show activity towards the ultimate goals of preventing terrorism.

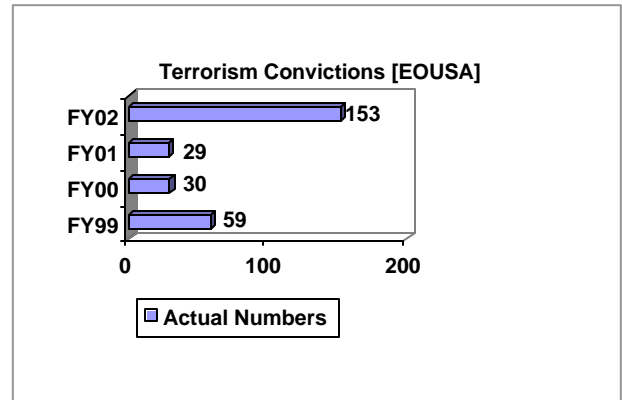


Performance Measure: Number of Terrorism Convictions [Executive Office for U.S. Attorneys (EOUSA)]

FY 2002 Target: N/A

FY 2002 Actual: 153

Discussion: Convicted defendants include those defendants who plead guilty or were found guilty in cases classified by the U.S. Attorneys' offices under the Domestic Terrorism or International Terrorism program categories. Those program categories include offenses involving acts (including threats or conspiracies to engage in such acts) that are violent or dangerous to human life and that appear motivated by an intent to coerce, intimidate, or retaliate against a government or civilian population. Examples of offenses that could be classified as international or domestic terrorism include the following: destruction of an aircraft or interference with a flight crew; attack on a mass transit facility or on the means of interstate communication; use of weapons of mass



destruction; material support for terrorism; and terrorism. The substantial increase in offenses in these program categories is attributable to the Department's determination after the terrorist attacks of September 11, 2001, to make the prevention of terrorism its highest priority.

STRATEGIC GOAL 2: Enforce Federal Criminal Laws

22% of the Department's Net Costs support this Goal.

STRATEGIC OBJECTIVE & ANNUAL GOAL 2.1: VIOLENT CRIME

Reduce the threat, incidence, and prevalence of violent crime, especially as it stems from illegal use of guns or from organized criminal enterprises

Dismantle Targeted Organized Crime Groups

The FBI, working closely with Department of Justice prosecutors, intensively investigates the threats of active La Cosa Nostra (LCN), native Italian, and emerging Asian and Eurasian criminal enterprises. The FBI's Organized Crime Section, through the use of the Racketeering Influenced Corrupt Organization (RICO) statute, targets the entire entity responsible for the crime problem, *the organization*. The Department charges the organization's members as a group with a wide range of crimes committed by its members, in violation of local, state, and federal laws.

Organized Criminal Enterprises are structured to ensure that their leadership is far removed from the criminal activity, making it difficult to link overt crimes to the leaders of the organization. Moreover, even if key individuals are removed, the strength of these organizations often allows the enterprise to be sustained. Therefore, the FBI must develop strategies targeted primarily at dismantling the organization, as opposed to merely removing key individuals.

Performance Measure: Dismantled Asian Criminal Enterprises (ACE)[FBI] NOTE: Prior

year actuals have been updated to reflect the most current and accurate data available.

FY 2002 Target: 9

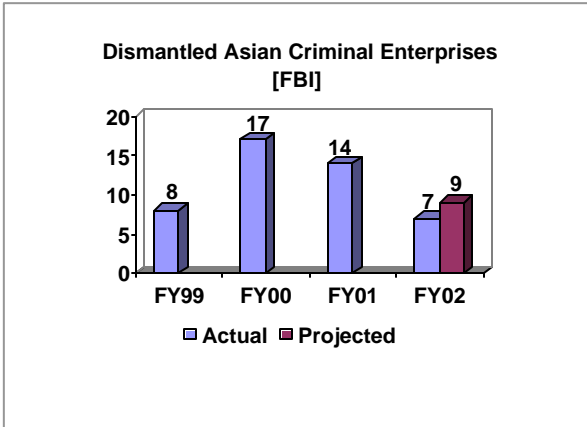
FY 2002 Actual: 7

Discussion: The events of September 11, 2001, and the subsequent reallocation of resources had an impact on the FBI's ability to reach its performance target for FY 2002. However, achieving 7 dismantled organizations is a significant accomplishment.

In March 2002, FBI agents and detectives from the New York Police Department arrested five subjects of a violent ACE in connection with their cross-country armed robbery crime spree. The arrest of these subjects interdicted a planned robbery in the Florida area, which was to occur in the following week. All of the subjects involved in this criminal enterprise originated from the Fujian Province, People's Republic of China.

In July 2002, FBI agents made 30 arrests in eight states, culminating a 5-year investigation that

began when owners of a massage parlor in Blount County, TN tried to bribe public officials, including a judge. The ensuing investigation revealed hundreds of Korean massage parlors in 14 cities throughout the United States engaged in money laundering, prostitution, alien smuggling, and associated criminal activities.



STRATEGIC OBJECTIVE 2.2: DRUGS

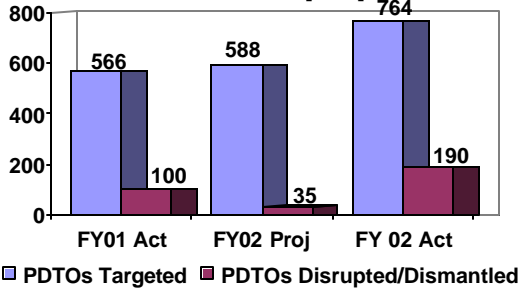
Reduce the threat, trafficking, and related violence of illegal drugs by identifying, disrupting, and dismantling drug trafficking organizations

Disrupt and Dismantle Major Drug Trafficking Criminal Enterprises

During FY 2002, the Attorney General directed the Department to develop a single national list of major drug trafficking and money laundering organizations. In response, DEA, the FBI, and the U.S. Customs Service, with input from the intelligence community and other Organized Crime Drug Enforcement Task Force member agencies, identified 53 international command and control organizations representing the most significant international drug organizations

threatening the U.S. This list of targets, titled the Consolidated Priority Organization Target (CPOT) list, represents the first time federal agencies have worked together to develop a single target list. This list reflects the most significant international narcotic supply and related money laundering organizations, poly-drug traffickers, clandestine drug manufacturers and producers, and major drug transporters supplying the U.S. The list, as well as linked organizations, will be updated periodically to remain current.

Disrupted/Dismantled Priority Drug Trafficking Organizations Operating Within the U.S. [DEA]



PDTOs Targeted	FY01 Actual	FY02 Projected	FY02 Actual
International	221	240	331
National/Regional	228	234	298
Local	117	114	135
TOTAL	566	588	764
PDTOs Disrupted/Dismantled			
International	43	14	70
National/Regional	38	14	65
Local	19	7	55
TOTAL	100	35	190

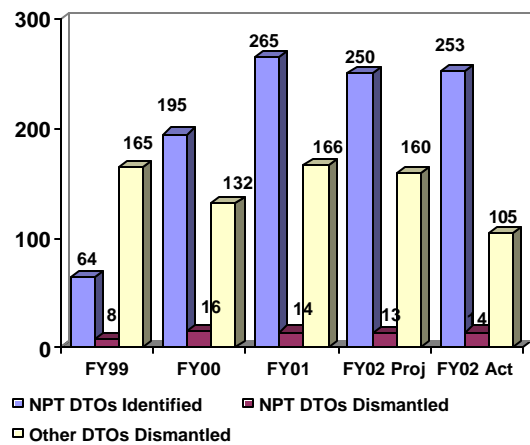
The efforts to disrupt and dismantle the CPOTs will be primarily accomplished via multi-agency and multi-regional investigations directed by DEA and the FBI. These investigations focus on the development of intelligence-driven multi-region investigations to identify and target national, international, and regional drug trafficking organizations that play a significant role in the production, transportation, distribution, financial support or otherwise facilitate large scale drug trafficking. Our ultimate objective is to dismantle these organizations so that reestablishment of the same criminal organization is impossible.

DEA, through the utilization of its Priority Drug Targeting Organization (PDTO) Program, identifies and targets the most significant drug trafficking organizations operating at the International, National/Regional and Local levels. This is in keeping with DEA's mission to combat drug trafficking at all levels. DEA's PDTO program is more expansive than CPOT, since it also includes local and regional drug organizations significantly impacting the drug supply in its 21 nationwide field divisions. PDTO investigations

utilize intelligence derived from on-going PDTO and related investigations to identify major drug trafficking organizations to include the organization's distribution network, structure, and members in order to target the highest level of the organization. The objective of each PDTO investigation is to disrupt/dismantle the identified organization; arrest the organization's leaders, distributors, importers, and facilitators; and seize and forfeit all assets associated with the organization. DEA management has directed that all PDTO investigations be coordinated with appropriate DEA Field Divisions to include the Special Operations Division (SOD), DEA's Country Offices, and other Federal, State, and Local Law Enforcement agencies.

The FBI also focuses on the domestic cells of international drug trafficking criminal enterprises that have the most adverse impact on U.S. national interests. These criminal enterprises have previously been included on the FBI's National Priority Target List (NPTL), which the FBI will discontinue so as to track its targets through the CPOT list. The FBI's contribution to the CPOT will be based upon crime surveys and threat assessments conducted by its field offices. Field

Dismantled Drug Trafficking Organizations [FBI]



offices will be required to expand the scope of their drug investigations and attempt to link them to the national and international criminal enterprises on the CPOT list.

Performance Measure: Disrupted/Dismantled Priority Drug Trafficking Organizations Operating

within the U.S. (PDTOs) [DEA] Note: Prior Year actual data have been revised. This data was originally drawn from a new system still in the process of being validated. A thorough review revealed that there had been some inadvertent duplication that has now been eliminated.

FY 2002 Target:

588 PDTOs targeted

35 PDTOs (6%) disrupted/dismantled

FY 2002 Actual: 764 PDTOs targeted

190 PDTOs disrupted/dismantled

Discussion: DEA exceeded both targets.

The target for PDTOs disrupted or dismantled equated to 6 percent of the targeted PDTOs. The actual accomplishment in this area was 19.9 percent. In addition, during FY 2002, DEA completed efforts to automate reporting of the PDTO program and is now working to automate the CPOT linkages.

DEA's accomplishments in the latter half of FY 2001 and FY2002 reflect a new program that initially included many PDTOs near completion for dismantlement. In the future, PDTO disruptions and dismantlements will level off.

Performance Measure: Dismantled Drug Trafficking Organizations [FBI]

FY 2002 Target:

Identify 250 DTOs

Dismantle 13 DTOs linked to NPTs

Dismantle 160 Other DTOs

FY 2002 Actual:

Identified 253 NPT DTOs

Dismantled 14 DTOs linked to NPTs

Dismantled 105 Other DTOs.

Discussion: Two targets were exceeded despite a reallocation of 400 agents from the FBI's counterdrug efforts to counterterrorism. The target for dismantling Other DTOs was not met because dismantling DTOs linked to NPTs took priority over dismantling non-linked organizations. FY 2002 accomplishments included Mexican, Colombian, and Caribbean-based organizations.

STRATEGIC OBJECTIVE & ANNUAL GOAL 2.3: ESPIONAGE

Combat espionage against the United States by strengthening counterintelligence capabilities

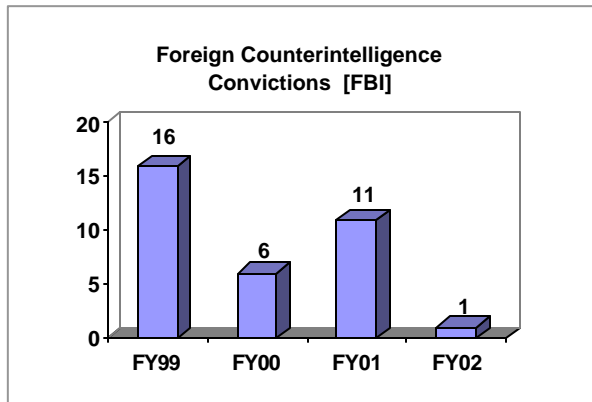
Identify, Prevent, and Defeat Foreign Intelligence Operations

Foreign intelligence operations directed against the United States reflect the complexity and fluidity of the new world order. While the national goals of any traditional rivals have changed, their capabilities and willingness to target traditional objectives, such as national defense information, plans and personnel, have not. At the same time, many of these rivals have increased their activities in other sectors affecting our national interests, such as in economic competitiveness. They join a formidable array of other foreign powers jockeying for economic or political preeminence, the success

of whom is dependent upon effective intelligence operations directed against the United States.

Foreign intelligence threats can never be eliminated given that their origin and impetus lie primarily with sovereign states. They are planned, authorized, and financed by government entities beyond our boundaries and beyond the reach of our laws. Measures of success in these areas gauge the Department's capacity to detect potential hostile activities by foreign powers against the United States. The FBI analyzes its record at preventing and defeating these hostile activities in comparison

to the best available estimates of the magnitude of foreign intelligence operations.



Performance Measure: Defeat Intelligence Operations – Foreign Counterintelligence Convictions [FBI]

FY 2002 Target: N/A

FY 2002 Actual: 1

Discussion: The number of convictions indicates a portion of the success DOJ has had in preventing individuals or groups from conducting hostile intelligence activities. Convictions may also serve as a deterrent to other individuals who may be susceptible to participating in foreign intelligence operations. Note that the number of convictions is subject to wide fluctuation based on the nature of the program itself. Such fluctuations do not necessarily indicate a change in the success or effectiveness of the program, as it employs various methods to prevent and combat hostile intelligence activities.

STRATEGIC GOAL 3: Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local, and Community-Based Programs

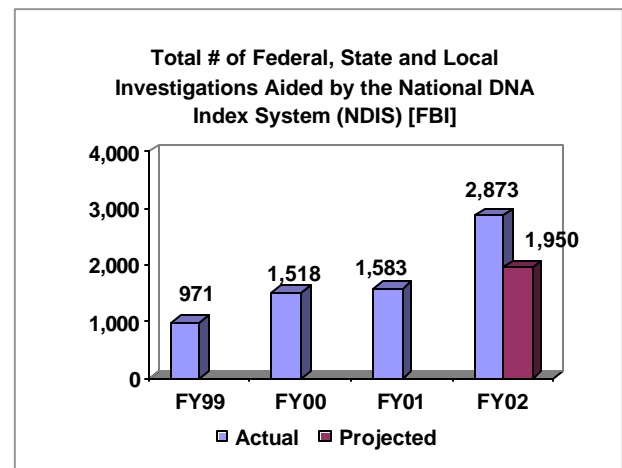
27% of the Department's Net Costs support this Goal.

STRATEGIC OBJECTIVE & ANNUAL GOAL 3.1: LAW ENFORCEMENT

Improve the crime fighting and criminal justice administration capabilities of state, tribal, and local governments

Provide Support to Law Enforcement

The FBI's Combined DNA Index System (CODIS) began as a pilot project in 1990 serving 14 state and local laboratories. The DNA Identification Act of 1994 authorized the FBI to establish a national DNA database for law enforcement purposes. The Act authorizes the FBI to store the following types of DNA data from federal, state, and local law enforcement entities in its national index: DNA identification records of persons convicted of crimes; analyses of DNA samples recovered from crime scenes; analyses of DNA samples recovered from unidentified human remains; and analyses of DNA samples voluntarily contributed from relatives of missing persons. In 2000, the FBI was authorized to receive DNA profiles from federal convicted offenders and to



store these profiles in a national Federal Convicted Offender index with the other four CODIS indexes.

FBI's National DNA Index System (NDIS) became operational during October 1998 and represents the highest-level database in CODIS. NDIS allows participating federal and state laboratories to exchange DNA profiles and perform interstate searches on a weekly basis. Plans are to redesign CODIS and NDIS to allow for immediate uploading and searching upon demand and scalability of up to 50 million DNA profiles.

Performance Measure: Total Number of Investigations Aided by the National DNA Index System (NDIS) [FBI]

FY 2002 Target: 1,950 investigations

FY 2002 Actual: 2,873 investigations

Discussion: In FY 2002, the target was exceeded. Most state and local labs analyzed and submitted DNA profiles to NDIS far more rapidly than FBI estimated. This increase was largely due to federal grant funding assisting the states in addressing more cases. Upgrades in technology and the expansion of the wide-area network allowed for much larger monthly uploads and searches than were possible last year.

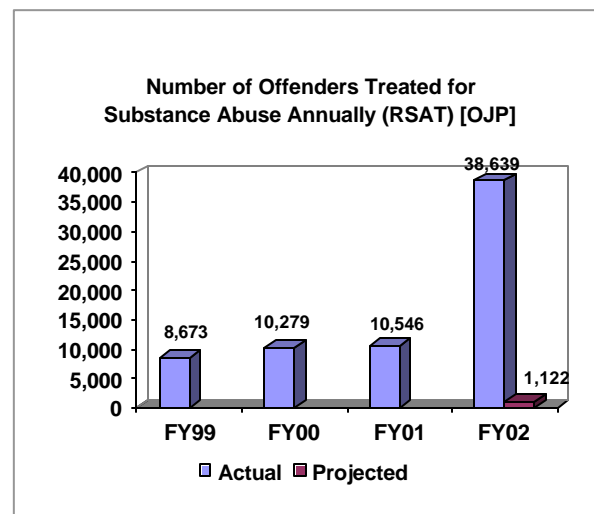
STRATEGIC OBJECTIVE & ANNUAL GOAL 3.3: DRUG ABUSE

Break the cycle of drugs and violence by reducing the demand for and use and trafficking of illegal drugs

Support Programs Providing Drug Testing, Treatment and Graduated Sanctions

According to the latest Bureau of Justice Statistics data published in May 2000, an estimated 417,000 local jail inmates (70% of all jail inmates) had been arrested for, or convicted of, a drug offense or had used drugs regularly. Thirty-six percent were under the influence of drugs at the time of the offense, and 16% said they committed their offenses to get money for drugs. These facts demonstrate that the demand for drug treatment services is tremendous. 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.

OJP's Residential Substance Abuse Treatment (RSAT) for State Prisoners Program is a formula grant program that assists states and units of local government in developing and implementing these programs within state and local correctional and detention facilities in which prisoners are



incarcerated for a period of time sufficient to permit substance abuse treatment (6 - 12 months).

Performance Measure: Number of Offenders Treated for Substance Abuse Annually (RSAT) [OJP]

FY 2002 Target: 1,122 (annual)

FY 2002 Actual: 38,639 (annual)

Discussion: In FY 2002, 38,639 offenders received treatment. Of the 38,639 receiving treatment through the RSAT program in FY 2002, 30,933 were adults and 3,618 were juveniles. The number of offenders completing the aftercare program was 4,088. In FY 2002, BJA exceeded its target by 37,517 through the treatment of 38,639 offenders for substance abuse. BJA achieved this

goal by enhancing the capability of state and local governments to provide residential substance abuse treatment for incarcerated inmates. BJA significantly exceeded its target because jurisdictions are permitted to spend their awarded dollars during the fiscal year the award was made, plus two additional fiscal years. Jurisdictions utilizing this option may treat very few offenders in the early years, however, a spike in the number of offenders treated will result when the remainder of the funding is actually spent in the later years.

STRATEGIC OBJECTIVE 3.4: VICTIMS OF CRIME

Uphold the rights of and improve services to America's crime victims

September 11th Victim Compensation Fund

Background/Program Objectives: The Air Transportation Safety and System Stabilization Act of 2001 (P.L. 107-42) created the September 11th Victim Compensation Fund to provide compensation to those physically injured or to personal representatives of those killed as a result of the terrorist attacks of September 11, 2001. The program is administered by a Special Master appointed by the Attorney General, and the Special Master began processing claims for initial benefits on December 21, 2001, following issuance of an Interim Rule. The Final Rule was issued on March 13, 2002. The Special Master and his staff receive administrative support from the Department's Civil Division for such functions as contract administration, personnel and payroll activities, and obligations processing. Payments are certified by the Justice Management Division. Also, the program uses contract services to perform outreach and to review, track, and process claims.

Discussion of Accomplishments: This program does not have published performance measures or targets in the Department's annual performance plan; however, through FY 2002, 728 claims for compensation were submitted, and benefits were paid totaling \$20,200,400.

STRATEGIC OBJECTIVE 3.5: COMMUNITY SERVICES

Support innovative, cooperative, and community-based programs aimed at reducing crime and violence and promote resolution of racial tension

Support Community Policing Initiatives

As crime and the fear of crime rose in the 1970s and 1980s, it became apparent that the traditional law enforcement response was not effective. Police were reacting to crime, rather than preventing it and communities felt law enforcement was unresponsive to their concerns.

A few cities began experimenting with community involvement in solving problems and addressing the conditions that lead to crime. They found it surprisingly effective. As the practice grew and developed, it came to be known as community policing.

The COPS Office has three primary objectives: reduce the fear of crime; increase community trust in law enforcement; and contribute to the reduction in locally-identified, targeted crime and disorder. Community policing rests on three primary principles: 1) continuous community-law enforcement partnership to address issues in the community; 2) a problem-solving approach to the causes of crime and disorder; and 3) sustained organizational change in the law enforcement agency that decentralizes command and empowers front-line officers to build partnerships in the community and address crime and disorder using innovative problem-solving techniques.

Under the COPS Office hiring grant programs (the Universal Hiring Program (UHP), Making Officer Redeployment Effective (MORE), COPS in Schools (CIS), and Indian Country programs), awards were based on a jurisdiction's public safety needs and its ability to sustain the financial commitment to deploy additional community policing officers beyond the life of the grant. The number of officers that are ultimately deployed can decrease from the initial award estimate based on many factors including: the success of a jurisdiction's officer recruitment efforts; the actual

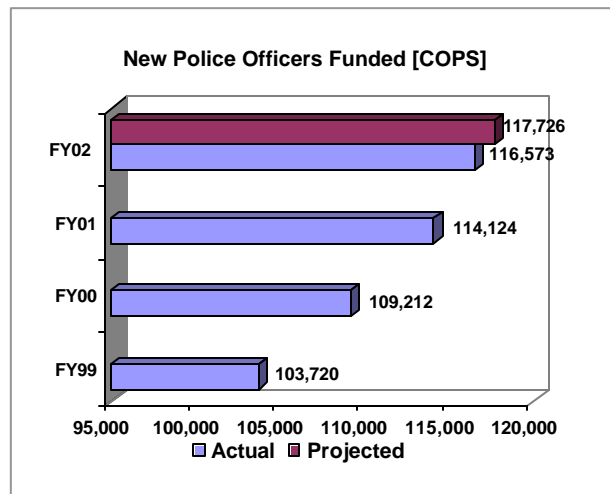
availability of local matching funds (which can vary from initial estimates based on funding appropriated by local governments); a change in a project's scope; and the number of officers that successfully complete academy training.

Performance Measure: New Police Officers Funded [COPS]

FY 2002 Target: 117,726 Funded

FY 2002 Actual: 116,573 Funded

Discussion: In FY 2002, the COPS Office funded 4,096 additional officers (for a net increase of 2,449) across all its hiring programs, exceeding the goal of 3,602 for the year. COPS did not reach its cumulative target of 117,726, however, because approximately 1,500 officers were withdrawn from COPS hiring programs as a result of grant award changes requested by grantees. A number of grantees requested modifications to their grants based on a desire to hire fewer officers than originally awarded or to hire part-time officers in the place of the full-time officers that were originally awarded. Additionally, the grant closeout process resulted in a number of withdrawals by the COPS Office. Lastly, because of an increase in costs per officer in two programs, COPS in Schools and Indian Country, COPS



awarded approximately 100 fewer officers than anticipated when targets were established, bringing the net total to 116,573 officers funded. Note that because of the impact of withdrawals and modifications, one cannot derive the cumulative number of officers funded through FY 2002 by

adding the number of officers funded in FY 2002 to the previous year's cumulative total. Withdrawals and modifications affect the cumulative number of officers funded since the COPS program was established.

STRATEGIC GOAL 4: Protect the Rights and Interests of the American People by Legal Representation, Enforcement of Federal Laws, and Defense of U.S. Interests

3% of the Department's' Net Costs support this Goal.

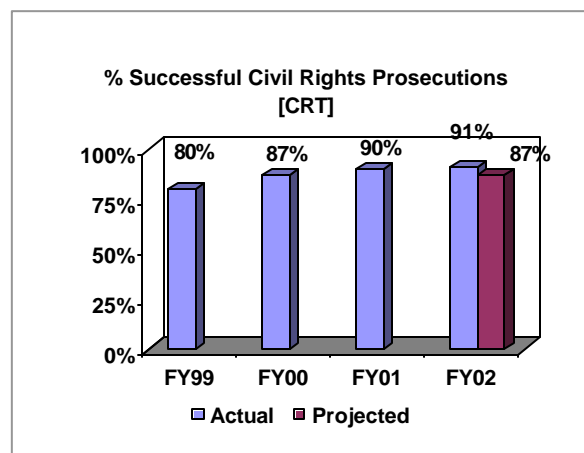
STRATEGIC OBJECTIVE 4.1: CIVIL RIGHTS

Uphold the civil rights of all Americans, reduce racial discrimination, and promote reconciliation through vigorous enforcement of civil rights laws

Prosecute Criminal Civil Rights Violations

The Civil Rights Division (CRT) works with the FBI and the U.S. Attorneys to prosecute cases of national significance involving the deprivations of Constitutional liberties that cannot be, or are not, sufficiently addressed by state or local authorities. These include acts of bias-motivated violence; misconduct by local and federal law enforcement officials; violations of the peonage and involuntary servitude statutes that protect migrant workers and others held in bondage; criminal provisions which prohibit conduct intended to injure, intimidate, or interfere with persons seeking to obtain or to provide reproductive health services; as well as a law that proscribes interference with persons in the exercise of their religious beliefs and the destruction of religious property. The federal criminal civil rights statutes provide for prosecutions of conspiracies to interfere with federally protected rights, deprivation of rights under color of the law, and the use of threat or force to injure or intimidate persons in their enjoyment of specific rights.

Performance Measure: % Successful Civil Rights Prosecutions [CRT]



FY 2002 Target: 87%

FY 2002 Actual: 91%

Discussion of Accomplishments: In FY 2002, the Civil Rights Division exceeded its target for successful prosecutions by 4%. A total of 136 defendants were prosecuted, which resulted in 124 convictions including 88 guilty pleas. Out of the 124 convictions, 68 were law enforcement officers.

STRATEGIC OBJECTIVE & ANNUAL GOAL 4.5: CIVIL LAWS

Effectively represent the interests of the United States in all civil matters for which the Department of Justice has jurisdiction

Protect the Public Fisc

Billions of dollars are saved annually through the Department of Justice's successful defense of the public fisc in lawsuits alleging unwarranted monetary claims. Plaintiffs advancing contract claims, allegations of government misconduct, claims of patent infringement and the like, expose the government to potentially staggering losses. The Department consistently mounts a strong defense against unwarranted and exaggerated claims to ensure that only those claims with merit under the law are paid.

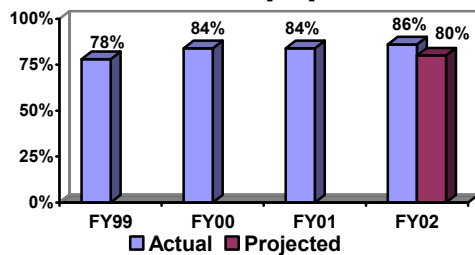
Performance Measure: % of Defensive Civil Monetary Cases Where 85% or More of the Claim is Defeated [Civil Division (CIV)]

FY 2002 Target: 80%

FY 2002 Actual: 86%

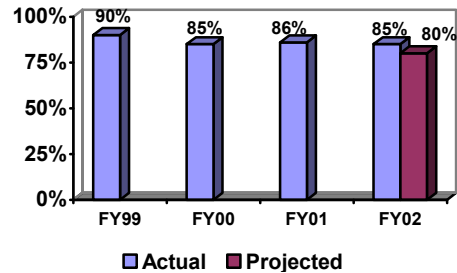
Discussion: For the third straight year, the Civil Division exceeded its 80% goal. This accomplishment understates CIV's success because, by definition, the measure excludes cases that do not specify monetary amounts, such as challenges to provisions in entitlement programs, including Medicare. CIV's effective defense of these provisions that limit federal expenditures affect billions of dollars of public funds annually.

% of Defensive Civil Monetary Cases where 85% or more of the Claim is Defeated [CIV]



Continue Vigorous Civil Enforcement

% of Favorable Resolutions in Civil Cases [CIV,EOUSA]



The Department of Justice serves a vital role when the laws, programs and policies of the United States are attacked in court. These actions run the full gamut, such as challenges to Presidential determinations under the War Powers Act, to suits disputing the administration of the Medicare program.

By securing favorable resolutions in civil cases, the Department ensures the intent of Congress, as well as represents the government's response to some of the most probing issues of our time. Examples include litigation concerning the freezing of terrorist financial assets, inclusion of the words "under God" in the Pledge of Allegiance, campaign finance reform, airline passenger identification requirements and luggage searches, intercepted cell-phone communications, and the military's press policy.

Department of Justice attorneys must respond to a variety of immigration-related suits, including a heightened level of counterterrorism litigation and constitutional challenges to new immigration laws or reformed procedures. Landmark cases concern the detainees at Guantanamo Bay and New York, the media's access to immigration hearings, and constitutional challenges to the USA Patriot Act. The majority of immigration cases involve

individual or class actions opposing actions by the INS and immigration judges.

Performance Measure: % of Favorable Resolutions in Civil Cases [CIV, EOUSA]

FY 2002 Target: 80%

FY 2002 Actual: 85%

Discussion: As in prior years, the performance target was surpassed, protecting the interests of the American people by effective legal representation in more than 51,000 cases.

STRATEGIC GOAL 5: Fairly and Effectively Administer the Immigration and Naturalization Laws of the United States

13% of the Department's Net Costs support this Goal.

STRATEGIC OBJECTIVE & ANNUAL GOAL 5.1: ENFORCEMENT

Secure America's borders, especially to reduce the incidence of alien smuggling

Effectively Control the Border

At the Ports-of-Entry

Immigration Inspectors identify and examine persons seeking entry into the United States at air, land, and sea Ports-of-Entry (POEs) in order to prevent the entry of terrorists, criminals, and unlawful migrants. This mission entails the full range of law enforcement and border security responsibilities balanced with the need to foster travel and tourism and facilitate commerce.

INS works with other Federal Inspection Services to obtain and utilize all available information before passengers arrive at United States borders via air, land, or sea. The analysis of that data provides information necessary to prevent illegal entry, human trafficking, and smuggling, among other crimes.

Between the Ports-of-Entry

The Border Patrol's National Strategic Plan is the basis for a four-phased, multi-year approach to the

deployment of new resources along the U.S. borders, initially concentrating on areas of greatest illegal entry. The strategy has a national focus of "prevention through deterrence" as a means to restrict illegal traffic and encourage legal entry. *Deterrence* is defined as raising the risk of apprehension so high that it is futile to attempt entry. The four-phased approach builds-up resources along the entire Southwest Border as well as the northern border and coastal areas of the U.S.

Areas with the highest concentration of illegal entry are given the highest priority. The strategy focuses resources on specific sectors (further defined by corridors) in priority order. Phase I includes San Diego and El Paso. Phase II covers Tucson and McAllen. Phase III concentrates on Del Rio and Laredo and the remainder of the Southwest border. Phase IV includes the Northern Border and Coastal areas, as well as new areas of activity.

The primary indicator of successful deterrence is the significant reduction followed by leveling off of attempted entry. *Optimum deterrence* is defined, as the level at which applying more Border Patrol agents and resources would not yield a significant gain in arrests/deterrence. This is a critical point in the strategy, as it would make little sense to try to reach essentially zero illegal entry attempts in one location while there are literally thousands of such attempts in another. Through sufficient staffing in recent years, the Border Patrol has profiled and predicted the trend pattern to reaching optimum deterrence. After several years of staffing increases, a peak is reached in staffing levels and arrests, followed by a reduction in illegal entry attempts (deterrence), culminating in a leveling off of both resources and arrests (optimum deterrence). It can take up to 6-8 years to reach optimum deterrence provided there are sufficient resources.

Although an eventual reduction in arrests is a primary indicator of illegal entry attempts (and therefore deterrence), other critical indicators include: decrease in border related crime, decrease in recidivism, shifting of illegal activity to non-traditional points of entry and through non-traditional methods, increase in smuggling fees, increase in property values and commercial and public development along the border, etc. Each of these factors is part of a comprehensive analysis conducted for each area. The effectiveness of the Border Patrol's National Strategic Plan is evidenced by the significant changes in illegal entry attempts in the San Diego, California; El Paso and Brownsville, Texas; and the Nogales, Arizona border areas. The ultimate impact is the increase in quality of life in these areas.

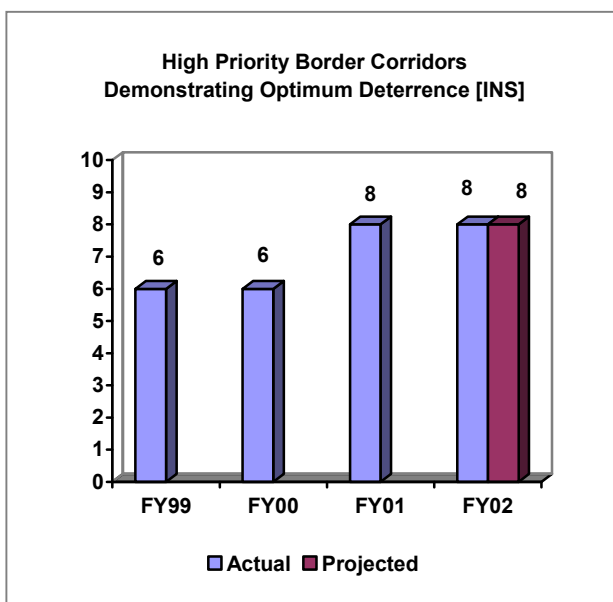
As a result of the events of September 11, 2001, the Border Patrol redirected its attention forward into Phase IV of the National Strategy expanding its focus to include the Northern Border and coastal areas of the U.S. Additional Border Patrol Agents and Aircraft Pilots were deployed to the Northern Border, and the Border Patrol expanded its Integrated Border Enforcement Team (IBET) to all sectors along the Northern Border. The IBET increases cooperation and exchange of intelligence between other federal, state, and local law enforcement agencies. Representatives of the Royal Canadian Mounted Police are an integral part of the IBET teams.

Performance Measure: High Priority Border Corridors Demonstrating Optimum Deterrence

FY 2002 Target: 8

FY 2002 Actual: 8

Discussion: The Border Patrol met the FY 2002 target of eight high priority border corridors demonstrating optimal deterrence. In addition, all nine southwest border sectors demonstrated an increase in operational effectiveness (above the FY 2000 baseline) in one or more corridors. This increase in effectiveness was accomplished while expanding Border Patrol operations to address concerns that arose subsequent to the events of September 11, 2001. Border Patrol enforcement efforts along the Southwest Border have contributed to an increase in the quality of life in communities located adjacent to the border. The Border Patrol has been credited with the reduction of crimes commonly committed by undocumented migrants in specific areas where the Border Patrol maintains an enhanced enforcement presence. These decreases in criminal activity and undocumented alien traffic have created a safer border environment, which has resulted in increased property values and rejuvenated certain residential neighborhoods.



STRATEGIC OBJECTIVE & ANNUAL GOAL 5.3: IMMIGRATION BENEFITS SERVICES

Provide timely and consistent services and achieve a substantial reduction in the benefits processing backlog

Ensure Immigration Benefits Services are Timely, Fair, and Consistent

INS is responsible for timely, accurate processing of applications for immigration benefits. The current focus is to increase performance in Adjustment of Status application casework processing while meeting completion and backlog goals.

Quality is a primary consideration for application processing. INS strives to maintain a high level of compliance with Naturalization Quality Procedures. These procedures are designed to ensure that naturalization processing is performed consistently, correctly, and fairly. Standardized reporting of compliance with Adjustment of Status Quality Procedures is under development.

Performance Measure: Average Case Processing Time [INS] (NOTE: This average is calculated by dividing the average of the past 12 months of completions into the number of pending applications at the end of September.)

FY 2002 Target:

Naturalization: 8 months

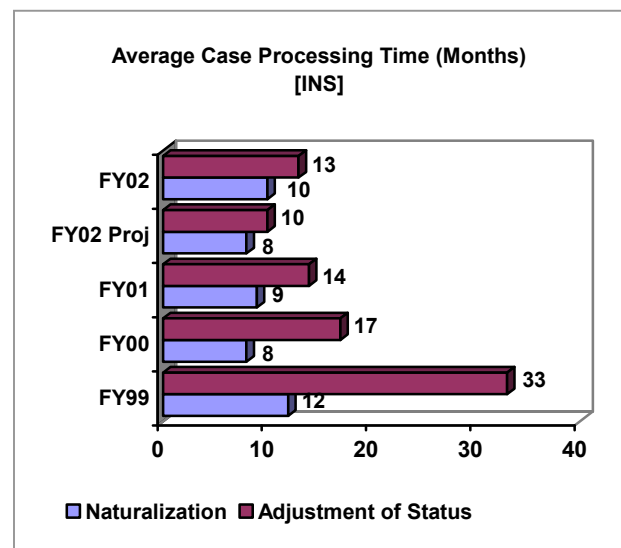
Adjustment of Status: 10 months

FY 2002 Actual:

Naturalization: 10 months

Adjustment of Status: 13 months

Discussion: A formal plan was developed to eliminate the backlog of immigration benefit applications over a 2-year period and achieve and maintain a 6-month processing standard for all applications. Although the INS met the numerical case completions target for naturalization and 97% of the adjustment of status case completions target, the INS did not meet the processing time goals for these applications in FY 2002. Naturalization applications increased significantly after September 11, 2001. INS also instituted additional security checks on all applications in FY 2002, which required significant resources. Future backlog elimination milestones will be revised to accommodate the receipt levels and security checks.



STRATEGIC OBJECTIVE & ANNUAL GOAL 5.6: BORDER FACILITATION

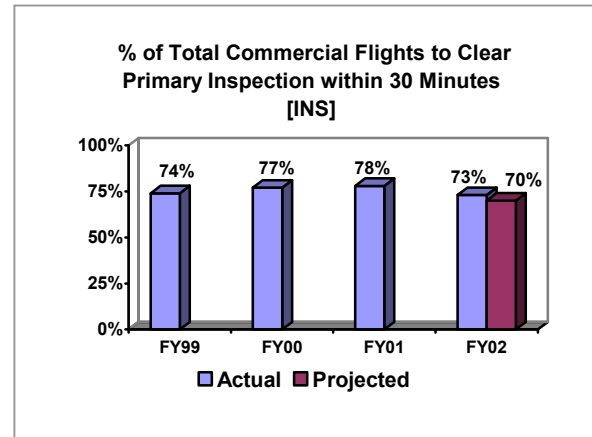
Improve the efficiency of the inspections process for lawful entry of persons and goods

Facilitate Port-of-Entry Traffic

The rapid, continuing growth of passenger and vehicular traffic places greater demands on the inspection process. In addition, multiple terrorist attacks on the U.S. on September 11, 2001, compels INS to continue increased scrutiny at all POEs to ensure border integrity and increase enforcement of our nation's immigration laws, thereby preventing entry of terrorists and other criminals. These necessary enforcement actions can result in longer lines and increased waiting times, especially at United States land border POEs.

While INS cannot compromise its enforcement mission, it strives to effectively manage the movement of travelers and commerce at POEs. To accomplish that objective, INS works with transportation companies and other federal agencies to obtain and utilize all available information before passengers arrive at U.S. borders.

The INS and the U.S. Customs Service (USCS) agree that cooperation in policy and operational matters enhances the enforcement and traffic management objectives of each agency. To this end, INS coordinates efforts



with USCS and the other federal inspection services to facilitate the inspection of bonafide travelers.

Performance Measure: % of Total Commercial Flights to Clear Primary Inspection within 30 Minutes [INS]

FY 2002 Target: 70%

FY 2002 Actual: 73%

Discussion: INS exceeded its target and cleared 73% of commercial flights through primary within 30 minutes.

STRATEGIC GOAL 6: Protect American Society by Providing for the Safe, Secure, and Humane Confinement of Persons in Federal Custody

23% of the Department's Net Costs support this Goal.

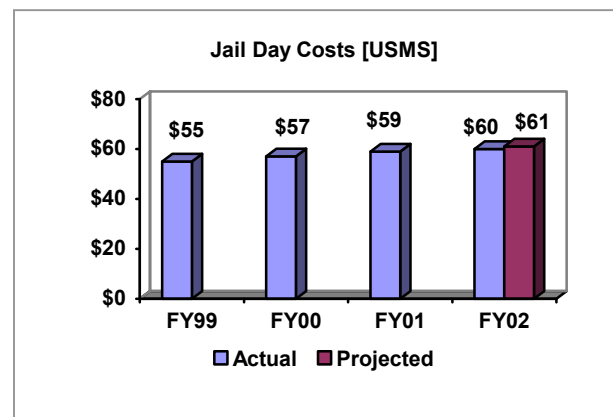
STRATEGIC OBJECTIVE & ANNUAL GOAL 6.1: DETENTION

Provide for the safe, secure, and humane confinement of detained persons awaiting trial, sentencing, or immigration proceedings

Ensure Adequate, Cost Effective Detention Capacity

Historically, the USMS has administered the Federal Prisoner Detention (FPD) program for the federal government using funding appropriated specifically for the care of prisoners in federal custody. In FY 2003, the Office of Detention Trustee will assume the oversight of the FPD program. The FPD appropriation has provided financial support for the housing, subsistence, medical care, and medical guard services for federal detainees remanded to USMS custody. The responsibility begins when a prisoner is brought into USMS custody. It continues through the trial process, and ends when a prisoner is acquitted or arrives at a designated BOP facility to serve a sentence. The USMS pre-trial population is generated by public policy and multi-component investigative and prosecutorial efforts within the DOJ or other federal law enforcement agencies. Since USMS, like BOP, is at the receiving end of the federal law enforcement initiatives and efforts, USMS has no control over the number of detainees remanded to its custody and has no option other than to house and care for the detainees.

Everyday, the Department must provide adequate, cost-effective, and appropriate transportation and bed space for each of the different categories of individuals placed into custody. Factors affecting where an individual is confined include: 1) the proximity of the facility to the federal courthouse; 2) the cost per bed; 3) health issues; 4) the amenability of a facility to detain aliens; 5) the security of the facility; and 6) detention standards of confinement. INS routinely utilizes its own facilities, contract facilities, state and local government facilities, and contract juvenile



facilities to house detainees. Detention bed space for detainees are routinely acquired through a combination of: 1) Intergovernmental Agreements (IGAs), where a daily rate is paid; 2) Cooperative Agreements (CAP) with state and local governments, where capital investment funding is provided in exchange for a guarantee of a certain number of bed spaces, for which a daily rate is paid when these bed spaces are used; 3) private contract facilities; and 4) federal detention facilities, where the government must pay for construction and operation of the facility.

Performance Measure: Jail Day Costs [USMS]

FY 2002 Target: \$61

FY 2002 Actual: \$60

Discussion: FY 2002 end of year data indicates an average jail day rate of \$60, 1.5% lower than the projected rate of \$61. This slight decrease in the average jail rate is primarily a result of a smaller than anticipated impact of the D.C. Revitalization Act on the Federal Prisoner Detention Account in FY 2002.

The USMS continues to work cooperatively with the state and local governments and the private sector to establish and maintain adequate capacity to detain persons in federal custody in cost-effective, safe, secure and humane facilities, throughout the federal judicial process. In FY

2002, the USMS met 72% of its housing needs through agreements with state and local governments or the private sector. The remaining 28% of its prisoners were housed in federal detention facilities.

STRATEGIC OBJECTIVE & ANNUAL GOAL 6.2: PRISON CAPACITY
 Ensure that sufficient cost effective prison capacity exists so that violent and other serious criminal offenders are imprisoned to the fullest extent of the law

Reduce Prison Crowding

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 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: % Crowding by Security Level [BOP]

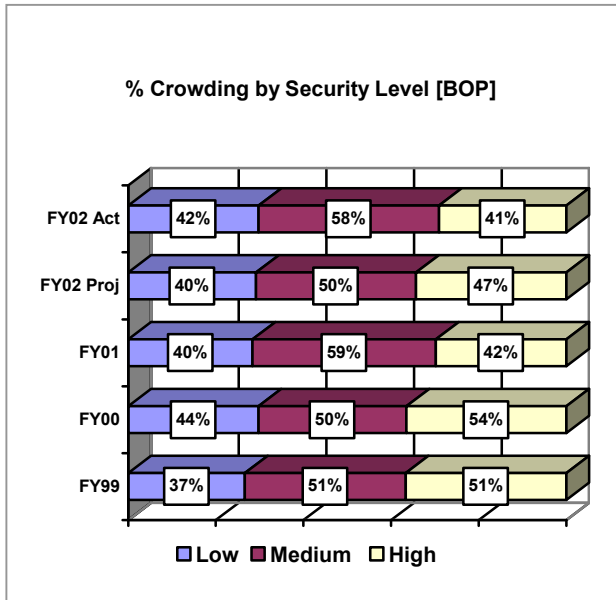
FY 2002 Target:

40% Low; 50% Medium; 47% High

FY 2002 Actual:

42% Low; 58% Medium; 41% High

Discussion: A contract delay for low security beds resulted in higher than anticipated crowding at low security BOP institutions; medium security BOP institutions were more crowded due to a delay in the planned mission change for Edgefield from high to medium security, and the new Petersburg Federal Correctional Institution



(medium security level) was not activated as rapidly as earlier planned. Crowding at high security BOP institutions was lower than projected as a result of Edgefield still housing high security inmates.

STRATEGIC OBJECTIVE & ANNUAL GOAL 6.3: PRISON OPERATIONS

Maintain and operate the federal prison system in a safe, secure, humane, and efficient manner

Operate Facilities Efficiently

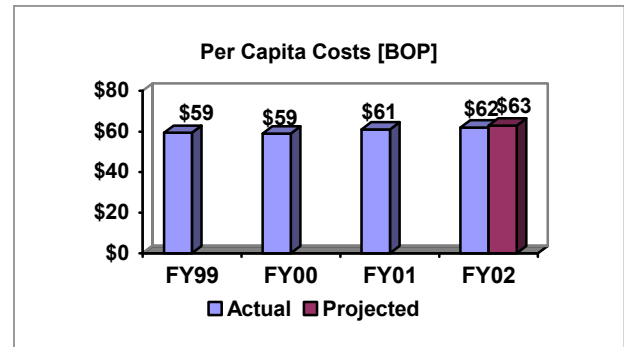
The goal of the BOP Facilities Management Program is to ensure existing facilities are maintained in compliance with security, safety, applicable regulations, building codes, and industry standards. Established in 1994, facility training has been offered to both line staff and managers to develop staff skill levels for present and future facilities operations. The training program has assisted institutions in lowering operating costs by training staff to perform required testing and maintenance procedures in-house and require less contracting with outside resources.

Performance Measure: Per Capita Costs [BOP]

FY 2002 Target: \$63

FY 2002 Actual: \$62

Discussion: The BOP continues to hold per capita costs below the annual rate of inflation



by using various cost containment initiatives, such as shared services at prison complexes and reduction of travel and equipment expenses. During FY 2002, a second Federal Correctional Institution was activated at the Petersburg, VA, site. In addition, during FY 2002, more inmates were housed in BOP facilities, contributing to lower per capita costs than originally projected.

STRATEGIC GOAL 7: Protect the Federal Judiciary and Provide Critical Support to the Federal Justice System to Ensure It Operates Effectively

4% of the Department's Net Costs support this Goal.

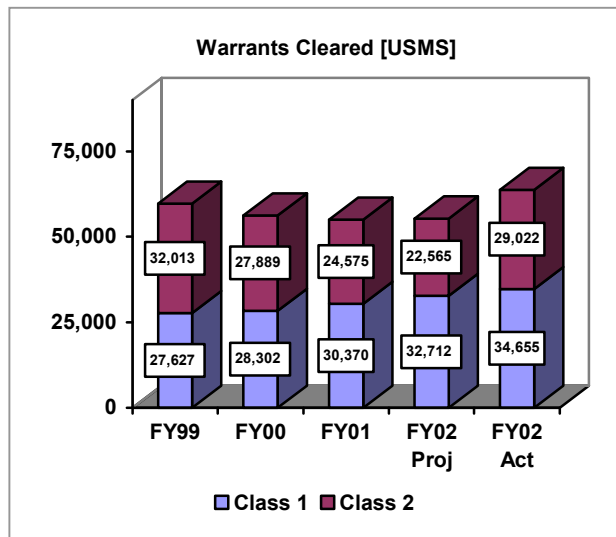
STRATEGIC OBJECTIVE & ANNUAL GOAL 7.3: DEFENDANTS AND FUGITIVES

Ensure the appearance of criminal defendants for judicial proceedings or confinement through secure transportation, and ensure the apprehension of fugitives from justice

Apprehend Federal Fugitives

USMS has primary jurisdiction to conduct and investigate fugitive matters involving escaped federal prisoners; probation, parole, and bond default violators; and warrants generated by DEA investigations and certain other related felony cases. USMS has maintained its own "15 Most Wanted" fugitives list since 1983. Additionally, 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: a) the seriousness of the offenses charged; b) the danger posed by the fugitive to the community; c) the fugitive's history of violence, career criminal status, or status as a major narcotics distributor; d) the substantial regional, national, or international attention surrounding the fugitive investigation; and/or e) other factors determined by the USMS. On the international front, USMS has become the primary American agency responsible for extraditing fugitives wanted in the United States from foreign countries. USMS also apprehends fugitives within the United States who are wanted abroad.

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



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

Performance Measure: Warrants Cleared [USMS]

FY 2002 Target: Class I Warrants Cleared: 32,712; Class II Warrants Cleared: 22,565

FY 2002 Actual: Class I Warrants Cleared: 34,655; Class II Warrants Cleared: 29,022

Discussion: USMS directed its investigative efforts to reducing violent crime, which includes organized crime, and drug and gang related violence. During FY 2002, the USMS cleared four of the most wanted fugitives.

STRATEGIC GOAL 8: Ensure Professionalism, Excellence, Accountability, and Integrity in the Management and Conduct of Department of Justice Activities and Programs

1% of the Department's Net Costs support this Goal.

STRATEGIC OBJECTIVE & ANNUAL GOAL 8.1: INTEGRITY AND PROFESSIONALISM

Promote integrity and professionalism to ensure the fair and impartial administration of justice

Provide Professional Oversight

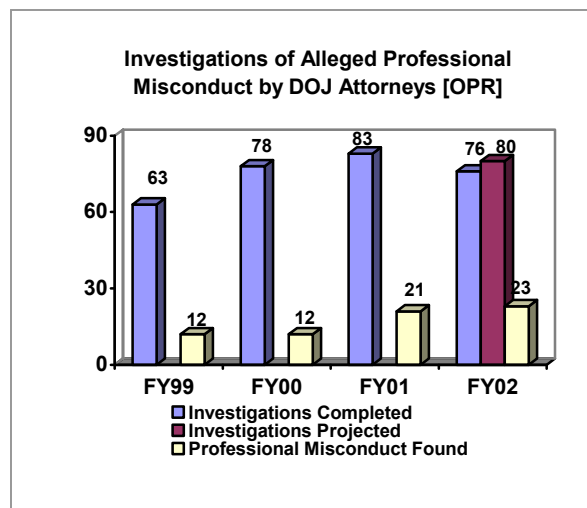
instances of failure to comply with those standards are identified and attorneys appropriately disciplined.

Performance Measure: Investigations of Alleged Professional Misconduct by DOJ Attorneys [OPR]

FY 2002 Target: 80 Investigations

FY 2002 Actual: 76 Investigations; 23 instances of Professional Misconduct Found

Discussion: Despite fluctuations in the level of attorney and non-attorney staffing, OPR was able to achieve 95% of target for FY 2002 performance. Allegations of serious misconduct were promptly and thoroughly investigated. Attorneys who were found to have engaged in professional misconduct were disciplined fairly and uniformly, and these matters were referred to the relevant state bar. Trends in misconduct allegations were brought to the attention of Senior Department Executives for appropriate follow-up action.



The Department, through its Office of Professional Responsibility (OPR), works to ensure that Department attorneys meet and maintain the high ethical standards expected of the nation's principal law enforcement agency. Specifically, OPR reviews and investigates allegations of professional misconduct by Department attorneys, investigators, or law enforcement personnel where the allegations relate to the exercise of an attorney's authority to investigate, litigate, or provide legal advice. Through the performance of OPR, the Department seeks to ensure that Department attorneys, and investigative and law enforcement personnel working with the attorneys, comply with obligations and standards imposed by law, applicable rules of professional conduct, or Department regulations or policy, and that

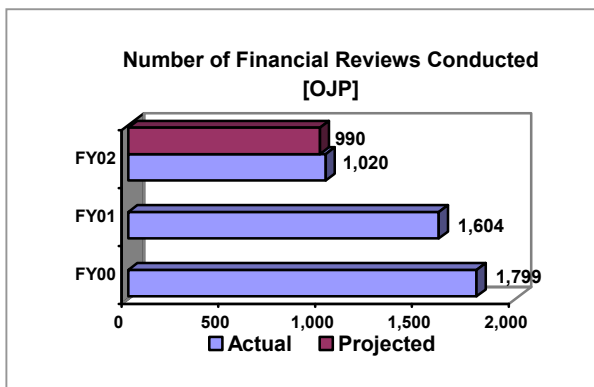
STRATEGIC OBJECTIVE & ANNUAL GOAL 8.3: GRANT MANAGEMENT

Develop and maintain grant management accountability mechanisms to ensure proper dispensation and monitoring of funds

Achieve Effective Grant Management

Each year, OJP develops a risk-based monitoring plan that considers inherent programmatic and recipient risks, including the amount of funding at risk, known problems, special requests, and a random sample of active awards. OJP currently initiates financial monitoring (covering both OJP and COPS grant programs) and has achieved a reputation for having few reportable problems. When rare instances of waste, fraud, or abuse are reported, OJP quickly responds with direct technical assistance to the recipients to correct serious problems or to the investigators in bringing about appropriate criminal prosecutions. Financial monitoring provides our financial auditors assurance with regard to safeguarding agency assets and the accuracy of recipient-reported expenditures and related expenditure accrual, one of the largest components of OJP's audited financial statements. Following financial review, OJP's staff provides technical assistance on the recommendations made until all recommendations have been implemented. Once it has been determined that the grantee has sufficiently addressed all issues, the review is officially closed in writing.

The COPS monitoring program has several elements that assess how grantees are using federal funds, determine to what extent grantees are implementing community policing, and identify potential compliance issues. COPS develops and then shares its site visit monitoring plan with the Office of the Inspector General (OIG), which also selects a number of COPS grantees for review. Site visits yield detailed documentation of how COPS funds are being used, allow COPS to observe the implementation of COPS grants, and reveal the level to which individual jurisdictions have adopted the community policing philosophy in field activities. The agency complements site visits with office-based grant reviews, which begin with an internal review of grant documentation followed by direct contact with the grantee and the collection of additional and/or supporting documentation demonstrating compliance with grant requirements. The COPS Office has centralized its compliance resolution process and developed the Issue Resolution Module, a COPS-wide automated system that allows for the identification and status tracking of specific grantee issues.



Performance Measure: Number of Financial Reviews Conducted [OJP]

FY 2002 Target: 990

FY 2002 Actual: 1,020

Discussion: OJP exceeded the target conducting a combination of 456 on-site reviews and 564 in-house financial reviews.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

The Federal Managers' Financial Integrity Act (Integrity Act) requires federal agencies to conduct on-going evaluations of the adequacy of the systems of internal accounting and administrative control, and to report yearly to the President all material weaknesses and nonconformances found through these evaluations. The Integrity Act also requires the heads of agencies to provide the President with yearly assurance that obligations and costs are in compliance with applicable law; 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.

Management Controls Program in the Department of Justice

The Department is committed to using its financial resources properly and ensuring that its financial operations are both secure and efficient. Managers must conform to specific management accountability and improvement policies when designing, planning, organizing, and carrying out their responsibilities in order to ensure the most efficient and effective operation of their programs. Briefly, these policies address written guidance,

delegation of authority and responsibility, hierarchical reporting of emerging management problems, personal integrity, quality data, separation of key duties and responsibilities, periodic comparisons of actual with recorded accountability of resources, routine assessment of programs with a high potential for risk, systematic review strategy to assess the effectiveness of program operations, and prompt management actions to correct significant problems or improve operations.

Annually, Department components must review their financial operations, systems, and controls, and report significant results to the Attorney General. At the same time, the heads of components must assure the Attorney General that their management systems incorporate at least the minimum control standards described in Department guidance. In addition, any inspection, audit, evaluation, peer or program review process, self-assessment, or equivalent, used by component management to keep informed about needs and opportunities for improvement must incorporate these same standards into its methodology. Management accountability systems in all organizations must assure basic compliance with the objectives of the Integrity Act and the management control standards set by the General Accounting Office (GAO).

Integrity Act Material Weaknesses and Nonconformances Reported to the President for FY 2002

Summary of Status of Weaknesses

Material Weaknesses	FIRST REPORTED	LAST TARGET	CURRENT TARGET
Prison Crowding (BOP)	1985	ongoing	2007
Detention Space and Infrastructure (USMS, INS)	1989	2004	2003
Computer Security Implementation (DOJ)	2002 - <i>new</i>	2004	2004
Monitoring of Alien Overstays (INS)	1997	2002	2003
Organizational and Management Issues (INS)	1997	2002	2003
Management of Automation Programs (INS)	1997	2002	2002
Efforts to Identify and Remove Criminal Aliens (INS)	1997	2003	2003
Missing/Lost/Stolen Laptop Computers (INS)	2002 - <i>new</i>	2003	2003
Property and Equipment (FBI)	2002 - <i>new</i>	2003	2003
Management of Information Technology (FBI)	2002 - <i>new</i>	TBD	TBD
<i>Computer Security (DOJ)</i>	<i>1991</i>	<i>2003</i>	CLOSED
<i>Alien Smuggling (INS)</i>	<i>2000</i>	<i>2003</i>	CLOSED
Material Nonconformances	FIRST REPORTED	LAST TARGET	CURRENT TARGET
DOJ Financial Systems Compliance	2001	2002	On-going
DOJ Accounting Standards Compliance	2002 - <i>new</i>	2003	2003
INS Deferred Revenue	2001	2004	2004
FPI Adherence to Accounting Standards and Financial Management System Requirements	2000	2002	2004
<i>DEA Adherence to Accounting Standards and Financial Management System Requirements</i>	<i>2000</i>	<i>2003</i>	CLOSED

See Appendix C for Corrective Action Reports for all material weaknesses and nonconformances reported by the Department for FY 2002.

Financial Systems: The Department of Justice components are supported by seven different core financial management systems. Four systems, including the Department's main Financial Management Information System and the core systems at the OJP, DEA, and USMS, are

substantially compliant with federal systems standards. The systems at FBI, INS, and FPI have material weaknesses in accounting system standards, general system controls, or application controls, and are cited as being noncompliant with elements of the Federal Financial Management Improvement Act (FFMIA). To address the immediate noncompliance issues, and to improve the long-term financial management infrastructure in the Department, we are committed to moving

away from the fragmented multi-system environment we operate in today, and will adopt a single unified financial management system. While the Department reduced the system-related material weaknesses in this year's audit reports, and we can provide reasonable assurance that our financial systems, taken as a whole, meet the systems objectives in Section 4 of the Integrity Act, we are again reporting a separate material nonconformance specifically on financial systems compliance in our Section 4 certification.

Unified Financial Management System Project:

The Attorney General has made improving our financial systems and performance one of the Department's strategic goals. The ability to improve the Department's financial management performance is directly related to our capacity to rely on core systems, and the Department is committed to implementing a Joint Financial Management Improvement Program (JFMIP) certified core financial system. The new system will be a commercial off-the-shelf (COTS) core product. The effort is known as the Unified Financial Management System Project, and the new system is planned for implementation at DOJ components between FY 2004 and FY 2007. During FY 2002, the Department established a formal Project Management Office, completed core requirements, timeline, and acquisition documents, and met with core software providers. Contract award for the core financial software is planned for May 2003, and award of a software integration contract to assist with system implementation, training, business process re-engineering, and system configuration is planned for summer 2003.

Financial Controls: The Department's Integrity Act Section 4 certification for FY 2002 reported four financial management material nonconformances. One significant finding relates to the status of the Department's financial systems and the need to adopt a unified financial system. Another significant finding is noncompliance with federal accounting standards. In particular, components were cited for material weaknesses with accrual accounting, property, and revenue issues. Material nonconformances covering INS's accounting for deferred revenue and FPI's accounting practices and systems were also reported. DEA's nonconformance reported in FY 2001 with its accounting practices and systems was substantially remedied and the DEA issues are no

longer considered as a nonconformance. In addition to the control issues reported as Integrity Act nonconformances, the FBI auditors reported internal control weaknesses in accounting for property, recording accruals, compliance with generally accepted accounting principles, related financial statement preparation issues, and systems.

Corrective Actions: Each Department component has developed corrective action plans designed to eliminate its Integrity Act material nonconformances and the internal control weaknesses reported in the financial audits. These plans are reviewed by the Chief Financial Officer, and are subject to the Chief Financial Officer's direction and guidance. The plans resulted in a reduction of component level material weaknesses from thirteen in FY 2001 to nine in FY 2002. The major focus of the Department's FY 2003 corrective action process will be to eliminate component procedural weaknesses in business practices and financial operations, eliminate remaining financial statement preparation weaknesses, and diminish the general controls findings related to legacy systems. The Attorney General's financial management improvement goal for FY 2003 clearly articulates this expectation.

Accomplishments: While the Department has not yet received a "green" rating in financial management on the President's Management Agenda scorecard, Department components have continued to make improvements to their financial operations and controls. Notably, DEA was able to eliminate or diminish all four material weaknesses reported by the independent auditors in FY 2001. Federal Prison Industries was able to make measurable improvements towards eliminating or diminishing the inventory and accounts receivable findings reported by auditors in prior years. And, importantly, the Department continues to improve its overall financial statement preparation guidance and the process for effecting detailed elimination reconciliations between Department components and external agency trading partners.

Integrity Act Section 2 – Material Weaknesses

Prison Crowding. As of September 30, 2002, BOP's systemwide crowding rate was 33% over rated capacity, and likely will continue as a material weakness. This rate reflects the

cumulative average for all security levels, including minimum, low, medium, and high security, as well as administrative and other special population housing. The most crucial crowding is at the medium and high security level facilities, which house some of the most dangerous and predatory inmates. BOP relies on funding for contract beds and to build and acquire additional facilities to help it manage its growing inmate population and reduce the crowding rate. As of September 30, 2002, BOP's total prison population was 163,436, reflecting an increase of 6,864 for FY 2002. The Department projects continued growth in the prison population, which should reach 192,941 by September 30, 2007. Through the construction of new facilities and expansion projects at existing institutions, BOP's Long Range Capacity Plan projects a rated capacity of 127,920 beds by September 30, 2007. Should new construction and expansion plans continue through FY 2007 as planned, crowding is projected to be 33% over the projected rated capacity.

Detention Space and Infrastructure. The Department's need for detention space continues to grow rapidly and, likely, will increase as the Department uses all means available to combat and prevent terrorism. This growth has placed an increased demand on the infrastructure of the INS and the USMS as it pertains to detention, including transportation, communications, buildings, equipment, and staff. To obtain sufficient detention space, the Department relies upon outside contractors (including state and local governments and private entities) to supplement existing federal detention space. In FY 2001, the Department established a Federal Detention Trustee with broad responsibilities related to managing detention needs throughout the Department. In FY 2002, the Trustee conducted a needs assessment of detention and detainee handling requirements and developed a baseline report for the present efficiency and effectiveness of the aspects of detention and detainee handling. Beginning with the FY 2003 budget, both INS and USMS resources related to the detention function are consolidated within the Office of the Detention Trustee. This centralizes the majority of the Department's detention activities, allowing for a coordinated Department effort when obtaining detention space and ensuring the Trustee has the authority necessary to direct detention policy and manage detention resources.

Computer Security Implementation. Financial and Security Act audits and reviews conducted by the Department's Inspector General and independent verification and validation (IV&V) reviews, penetration testing, self assessments, and certifications and accreditations continue to identify weaknesses in both classified systems and sensitive but unclassified systems. Specific concerns include issues with management, operational, and technical controls that protect each system and the data stored on it from unauthorized use, loss, or modification. In the past year, the Department has made significant progress in strengthening the Department's Information Technology (IT) Security Program and in implementing the requirements of the Security Act. These accomplishments include: appointing a Chief Information Officer (CIO) with a broad mandate to provide Department-wide leadership in the IT arena, including security; developing an IT Strategic Plan that sets forth a vision and specific initiatives for enhancing information security; continuing implementation and refinement of a departmental system for tracking all IT security weaknesses and corrective actions; fully integrating security into other IT management processes, such as capital planning; developing the Department's Security Act Report, which included individual assessments of over 150 systems; awarding a contract for IV&V of component IT system security controls and initiating several tasks against the contract; initiating a project to define requirements for a Department-wide public key infrastructure program; and initiating a project to define requirements for a Department-wide security architecture.

Monitoring of Alien Overstays. Foreign visitors who legally enter the United States and then do not leave comprise a significant percentage of the illegal alien population. In a 1997 inspection report, the OIG found that the INS had insufficient systems to compile information on the overstay population and lacked an enforcement policy that targeted that population. In April 2002, the OIG issued a follow-up report on INS' efforts to improve the control of nonimmigrant overstays (# I-2002-006). Focusing on the security concerns of the earlier report, the April report concluded that INS had made little progress in addressing the issue. Since then, the INS has implemented the Visa Waiver Program Entry-Exit System (VWP

EES), which will be used in parallel with the Nonimmigrant Information System (NIIS) while an evaluation of the viability of the VWP EES is completed. The Arrival/Departure Information System (ADIS) will be used as the repository for the information.

Organizational and Management Issues. In 1997, GAO found that the INS needed to take steps to resolve management problems, including clarifying lines of communication and disseminating organizational policies and guidelines through manuals. Since then, the INS has evaluated roles and responsibilities of organizational entities and reassigned duties where necessary; provided written guidance on appropriate relationships, communication methods, and coordination among the INS programs and offices; reviewed staff levels; issued comprehensive policy manuals; and reviewed the new deployment planning process. However, conversion of documentation from older formats into the new field manual format has been slower than anticipated, and updating “completed manuals” involves more resources than anticipated. Nevertheless, based on progress to date, the INS plans to release all operations field manuals by FY 2003.

Management of Automation Programs. The INS’ Office of Information Resources Management (OIRM) has experienced longstanding difficulty in providing timely and consistent information about its activities. The OIG has cited the OIRM for the lack of adequate management controls and repeatable business processes to efficiently and effectively manage IT. Although INS has completed the milestones established for this issue and has provided its response to the OIG, INS is still awaiting a formal response from the OIG in order to close this material weakness.

Efforts to Identify and Remove Criminal Aliens. In July 1997, GAO issued a report on the INS Institutional Hearing Program (IHP), noting that the INS: (1) failed to identify many deportable criminal aliens, including aggravated felons, and to initiate IHP proceedings for them before they were released from prison; (2) did not complete the IHP by the time of prison release for the majority of criminal aliens it did identify; and (3) had not realized intended enhancements to the IHP. Since

then, the INS Institutional Removal Program (IRP, formerly IHP) has exceeded its removal goals annually. The IRP has focused more attention on up-front processing to ensure that criminal aliens are not released into INS’ custody without removal orders, and the INS has created a mechanism to finalize unfinished removal proceedings within 1 day of release from federal, state, or local incarceration. INS continues to finalize the IRP transition plan from Investigation to the Detention and Removal Program and deploy the IRP Criminal Alien Information System (CAIS) to all federal sites. INS also is exploring the possibility of deploying CAIS to state IRP programs and/or using functionality already in the INS ENFORCE system to track and manage IRP cases. Eventually, all IRP case management and tracking functions will be incorporated into ENFORCE Apprehension and Removal modules. INS’ reclassification of Immigration Agents and Detention Enforcement Officers into one job series to provide greater authority to more officers to work IRP cases and to lower the attrition rate, has been delayed until March 2003, pending the transition of positions into the new Department of Homeland Security.

Missing/Lost/Stolen Laptop Computers. (INS) INS’ quarterly laptop and firearm inventory report, dated October 18, 2002, indicated that, out of a total of 12,522 laptop computers (including palm pilots), 458 were reported missing or lost and 11 were reported stolen in INS’ Asset Management Information System (AMIS). In July 2002, laptop computers became part of INS’ annual inventory, and all INS offices are in the process of accounting for their missing/lost laptops. The Property Management Officer is regularly checking the status.

Property and Equipment. (FBI) OIG Report No. 02-27, “The FBI’s Control Over Weapons and Laptop Computers,” released in August 2002, revealed significant problems with the FBI’s management of weapons and laptop computers. Although the number of functional weapons reported missing during the review period amounted to less than one-half of one percent of the FBI’s inventory, the significance of these losses is measured in the sensitive nature of the missing property, not in numbers. Similarly, the number of laptops reported missing during this same period equated to only approximately two percent of the FBI’s inventory. However, because

the security level of 70 percent of the lost or stolen laptops was “unknown,” this loss is potentially significant because the information contained on these laptops could compromise national security or jeopardize ongoing investigations.

Management of Information Technology. (FBI) A December 2002 OIG audit report entitled “FBI’s Management of Information Technology Investments” stated that in the past the FBI has not given sufficient management attention to IT investments. As a result, the FBI has not fully implemented critical processes necessary for such management and has invested large sums of money on IT projects without assurance that these projects would meet intended goals.

Integrity Act Section 4–Material Nonconformances

DOJ Financial Systems Compliance. The DOJ audit report on the FY 2000 consolidated financial statements identified the INS, FBI, DEA, USMS, and FPI as not meeting federal accounting standards or systems requirements and having material weaknesses in system controls/security. The conditions were repeated in the FY 2001 audits. In FY 2002, the INS, FBI, and FPI had the same material systems weaknesses in systems controls/security. DEA and USMS were able to correct their material systems weakness, diminishing the findings to a reportable condition. OJP, BOP, and OBD/U.S. Trustees also had reportable conditions related to systems. The need to address weaknesses cited in the financial statement audits, nonconformances with OMB Circular No. A-127, technological changes, and the need to better support critical financial operations and agency programs contribute to the necessity to modernize DOJ financial systems and improve internal controls. The Department identified a unified financial system as one of the ten goals for revamping the Department’s management. The unified system will be a commercial, “off the shelf” (COTS) Financial Management System product(s) certified by the Joint Financial Management Improvement Program (JFMIP) as meeting core federal financial management system requirements. The planning phase for this project was completed in August 2002 and the contract for the COTS is anticipated to be awarded in May 2003.

DOJ Accounting Standards Compliance. In the FY 2002 audit reports, the FBI, OBDs, INS, and WCF were reported as having material weaknesses in their compliance with certain federal accounting standards. Included were findings related to accounts payable and general accrual accounting, general and seized property, and accounting for reimbursement and other revenue. In several components, difficulties meeting federal accounting standards also impacted their financial statement preparation. The affected components are updating their corrective action plans to eliminate or diminish the weaknesses in their accounting practices during FY 2003, and this area will be a heavy area of emphasis in the Department’s early 2003 financial management training efforts.

INS Deferred Revenue. Auditors report that systems and management controls used by INS to process applications for immigration and naturalization benefits do not ensure applications are adequately controlled or provide reliable data on the status of applications. Without adequate control on the status of applications received and completed, INS is not able to accurately determine deferred and earned revenue without relying on a service-wide manual application count. The INS will implement a system that will report accurate deferred and earned revenue by deploying the National File Tracking System with perpetual inventory functionality and data for tracking the applications by September 30, 2004.

FPI Adherence to Accounting Standards and Financial Management System Requirements. In May 2000, the FPI implemented Millennium, an enterprise resource planning system that does not yet meet all the financial management requirements of OMB Circular No. A-127. Weaknesses were identified in system security and controls over inventories, accounts receivables, and the financial statement preparation process. The FPI will implement policies and procedures to improve risk assessment/system security management, including procedures for granting system access and providing employee security awareness training, by January 31, 2004. The FPI, working with its contractors, corrected weaknesses in inventories, accounts receivables, and the financial statement reporting process.

Statistical Summary of Performance – FY 2002

Section 2: Internal Controls

Report Year	# of Issues <i>First Reported In Year</i>	# of Issues <i>Corrected In Year</i>	# of Issues <i>Pending at end of Year</i>
Prior Years	53	45	8
2000	2	0	10
2001	0	2	8
2002	4	2	10
Total	59	49	

Section 4: Financial Management Systems

Report Year	# of Issues <i>First Reported In Year</i>	# of Issues <i>Corrected In Year</i>	# of Issues <i>Pending at end of Year</i>
Prior Years	38	37	1
2000	3	0	4
2001	2	2	4
2002	1	1	4
Total	44	40	

Legal Compliance

The Department is committed to ensuring its financial activities are carried out in full compliance with applicable laws and regulations. To ensure this responsibility is carried out, senior Department financial managers direct annual reviews of financial operations and programs, and provide assurance to the Attorney General that Department activities are compliant with laws and regulations. The JMD, under the direction of the Chief Financial Officer, directs an annual review of operations and controls pursuant to the Integrity Act. In FY 2001, the independent auditors reported that the Department was noncompliant with the Federal Financial Management Improvement Act in the following instances: the FBI, INS, DEA, USMS, and FPI were not

compliant with federal systems standards. In FY 2002, DEA and USMS corrected their material systems issues while FBI, INS, and FPI were cited for noncompliance with systems standards. Regarding accounting standards, in FY 2001 the auditors reported that FBI, INS, DEA, and FPI were noncompliant with certain federal standards. In FY 2002, DEA and FPI successfully corrected their weaknesses in this area but FBI, INS, the OBDs, and the WCF had material weaknesses reported by the auditors and thus were not compliant with federal accounting standards. Finally, FPI was cited for not accounting for debts with the public in accordance with the Debt Collection Act of 1996.

POSSIBLE EFFECTS OF EXISTING, CURRENTLY-KNOWN DEMANDS, RISKS, UNCERTAINTIES, EVENTS, CONDITIONS, AND TRENDS

FY 2002 Change in Strategic Goal Structure

As discussed previously, on November 8, 2001, the Attorney General announced major changes in the Department to support its counterterrorism role, and released the *Strategic Plan for Fiscal Years 2001-2006*. The Department continues to enforce vigorously the broad spectrum of laws of the United States. However, the fight against terrorism is now the first and overriding priority of the Department. It is also the first of eight goals in the revised Strategic Plan. Implementing these new goals has affected the many functions and responsibilities of the Department.

Establishment of the Department of Homeland Security and the Bureau of Alcohol, Tobacco, Firearms, and Explosives

On November 25, 2002, the President signed the Homeland Security Act of 2002, which creates a new Department of Homeland Security. Agencies that will become part of the new department, including the Immigration and Naturalization Service and other selected functions of the Department, will be transferred some time during a one-year transition period. In addition, the Act also transfers most of the functions of the Bureau of Alcohol, Tobacco, and Firearms from the Department of the Treasury to the Department of Justice, to create a new Bureau of Alcohol, Tobacco, Firearms, and Explosives.

Other Factors and Future Trends Affecting Department of Justice Goal Achievement

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

The Unpredictable

\$ 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 it must defend.

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

LIMITATIONS OF THE FINANCIAL STATEMENTS

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

- \$ While the statements have been prepared from the books and records of the Department in accordance with generally accepted accounting principles for federal entities and the formats prescribed by 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 U.S. Government, a sovereign entity.

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