

# Office of the Inspector General

## Semiannual Report to Congress



October 1, 2003–March 31, 2004



## Message From the Inspector General

Fifteen years ago this month, the Office of the Inspector General (OIG) began operations when 270 employees from nine internal affairs, audit, and inspections units throughout the Department of Justice (Department) came together to form the OIG. The OIG's many accomplishments during the past 15 years reflect the hard work of many employees who recognized the importance of the OIG's mission and helped form an organization that embodied the high aspirations of the *Inspector General Act*.

During our 15-year existence, the OIG has provided independent oversight and hundreds of recommendations to the Department to improve a wide range of programs and practices. In the last several years, we have focused on issues such as the Department's counterterrorism responsibilities, information- and intelligence-sharing issues, the upgrade of its information technology (IT) systems, computer security issues, and the many other challenges facing the Department as it performs its critical missions. Through our work, we strive to help improve the Department's performance, promote economy and efficiency in its programs, and detect and deter waste, fraud, and abuse in its operations.

During this reporting period, we have continued to perform this critical oversight role. For example, we reviewed the Federal Bureau of Investigation's (FBI's) efforts to improve the sharing of intelligence and other information and the operations of the FBI's Legal Attaché program in 46 locations around the world. We also reviewed the Department's progress in integrating the FBI's automated fingerprint identification system with an automated system operated by immigration authorities, and we recommended that this integration project be expedited.

At the U.S. Marshals Service (USMS), we evaluated the protection given to the federal judiciary and audited the medical care provided to the 40,000 prisoners the USMS has in custody at any given moment. At the Federal Bureau of Prisons (BOP), we examined efforts to reduce recidivism by preparing inmates to return to society after their sentences are served. At the U.S. Attorneys' Offices (USAOs), we evaluated plans for responding to critical emergencies in their districts, including terrorist attacks and natural disasters. Throughout the Department, we continued our oversight of audits of the Department's financial statements and computer security measures.

We also investigated allegations of misconduct against the small percentage of Department employees who abuse their positions, including allegations of civil rights and civil liberties abuses. In December 2003, we issued a report that examined allegations of physical and verbal abuse raised by aliens who were held in a federal prison in Brooklyn, New York, on immigration charges in connection with the September 11 terrorist attacks. The report provided a comprehensive assessment of the detainees' allegations, BOP officers' conduct, and management issues that contributed to the abuse. We provided seven recommendations to the BOP to improve its operations as well as recommendations to discipline officers who we found committed abuse.

The OIG's record during the past 15 years of providing independent oversight and useful recommendations to the Department is a testament to the efforts of many dedicated OIG employees. Our efforts are made possible by the strong support we have received from several Attorneys General, Department leadership, and Congress. I am grateful for this support as the OIG continues to help the Department improve its operations.

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

Glenn A. Fine  
Inspector General  
April 30, 2004

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# OIG Highlights

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

## Statistical Highlights

October 1, 2003 – March 31, 2004

Allegations Received by the Investigations Division	3,722
Investigations Opened	219
Investigations Closed	219
Arrests	48
Indictments/Informations	41
Convictions/Pleas	52
Administrative Actions	66
Fines/Restitutions/Recoveries	\$1.43 million
Audit Reports Issued	146
Questioned Costs	\$29.26 million
Funds Put to Better Use	\$1.41 million
Recommendations for Management Improvements	454

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

- ◆ **Integration of Fingerprint Systems.** The OIG completed a review of the efforts to integrate FBI and immigration fingerprint identification databases. We also examined the actions of immigration employees who twice released a man caught entering the country illegally. The man later succeeded in crossing the border and then raped two nuns, killing one of them. If the FBI and immigration fingerprint databases had been integrated, the immigration employees would have learned of his extensive criminal history and, under Border Patrol policies, should have detained him and sought his prosecution rather than returning him to Mexico. Our report made five recommendations to ensure the systems are integrated as rapidly as possible.
- ◆ **Abuse of September 11 Detainees.** We supplemented our June 2003 review of the treatment of aliens held on immigration charges in connection with the investigation of the September 11 terrorist attacks by investigating allegations that some BOP correctional officers at a Brooklyn, New York, prison physically and verbally abused detainees there. In a report issued in December 2003, we substantiated many of the allegations, recommended the BOP discipline certain staff members, and made seven recommendations to address systemic problems we found in how the detainees were handled at the facility.
- ◆ **The FBI's Sharing of Intelligence.** The OIG audited the FBI's efforts to enhance its sharing of intelligence and law enforcement information with federal, state, and local officials – a vital element in preventing terrorist activities. While we found fundamental reform is under way at the FBI, we concluded that the efforts are still evolving and require management's sustained attention to ensure full implementation. The OIG made six recommendations to help the FBI improve its ability to provide useful information internally and externally.
- ◆ **Protection of the Federal Judiciary.** The OIG evaluated the USMS's efforts to improve its protection of more than 2,000 federal judges and other members of the federal judiciary. We found problems with the USMS's intelligence sharing, assessments of threats, and standards for determining what protective meas-

ures are appropriate. We made six recommendations to improve the USMS's protection of the federal judiciary.

- ◆ **The Drug Enforcement Administration's (DEA's) Disciplinary System.** The OIG assessed the effectiveness of the DEA's system for investigating employee misconduct and disciplining employees. We concluded that the DEA's system generally functioned well, but found problems in various cases that revealed a lack of management oversight and weaknesses in determining penalties. We made eight recommendations to help the DEA improve its system.
- ◆ **The Removal of Items From the Fresh Kills Recovery Site.** The OIG found that an FBI agent wrongfully removed a Tiffany & Co. crystal globe paperweight from the Fresh Kills landfill site that processed materials from the World Trade Center terrorist attacks. We also found the FBI had no written policy governing what could be taken from recovery sites or mass crime scenes.
- ◆ **Prisoner Medical Care.** The OIG audited the USMS's provision of medical care to the approximately 40,000 prisoners in its custody awaiting trial or judicial action. We found the USMS was not properly managing the care and that the USMS was paying out millions more than necessary for prisoner medical care each year because it failed to fully comply with statutory cost-saving measures. We made 12 recommendations for improvements.
- ◆ **Preparation of Inmates Returning to Society.** The OIG audited the BOP's programs to reduce recidivism by preparing inmates to return to society after their sentences are served. We concluded that BOP institutions have not maximized the number of inmates who successfully complete reentry programs during incarceration. We also concluded that the BOP does not ensure all eligible inmates are provided the opportunity to make the transition back into society through halfway houses. Our report contained 13 recommendations to help improve the BOP's management of its programs to prepare inmates for release into society.
- ◆ **USAO Critical Incident Response Plans.** The OIG reviewed the USAOs' implementation of a program to improve their responses to critical incidents such as natural disasters and terrorist attacks. We found the USAOs' critical incident response plans, test exercises, and training were inadequate and that the deficiencies had existed from the program's inception in 1996 without ever being fully addressed. We made ten recommendations to help increase the USAOs' overall preparedness to respond to critical incidents.
- ◆ **Civil Rights and Civil Liberties Complaints.** As directed by Section 1001 of the *USA Patriot Act*, the OIG received and reviewed complaints alleging civil rights and civil liberties abuses by Department employees. We identified 17 matters that we believed warranted an investigation or closer review. These matters included allegations of excessive force against inmates, verbal abuse of inmates, and placement in solitary confinement for no apparent reason. Several of the complaints are still under OIG investigation; others have been referred to the internal affairs offices of the affected component for investigation.
- ◆ **Computer Security Audits.** In this reporting period, we evaluated five mission-critical Department computer systems: two from the FBI and one each from the DEA; the USMS; and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). While we noted some progress in certain areas of computer security systems, continued improvements are needed in program oversight and vulnerability management.
- ◆ **Department Financial Statement Audits.** During this reporting period, the OIG issued the audit report for the Department's Annual Financial Statement for fiscal year (FY) 2003. The Department received an unqualified opinion on its consolidated financial statement. However, we identified weaknesses in the areas of financial controls and information systems.
- ◆ **Grant Audits.** We continued to audit grants awarded by the Office of Community Oriented

Policing Services (COPS) and increased our audits of grants awarded by the Office of Justice Programs (OJP).

## Investigations of Misconduct

As shown in the statistics in the table at the beginning of this section, the OIG investigates hundreds of allegations of misconduct. Examples of OIG investigations discussed in this report include:

- ◆ Three civilians were arrested for fabricating information about a multistate drug-trafficking organization, making death threats against an undercover FBI agent, and claiming an FBI special agent in charge was leaking sensitive case information. The OIG exonerated the special agent in charge of wrongdoing. The investigation and judicial proceedings against the civilians are continuing.
- ◆ A DEA associate special agent in charge was arrested for embezzling \$138,000 from the DEA and misusing DEA resources to perform work for a private investigations firm he owned and operated.
- ◆ A deputy U.S. marshal was arrested for transporting illegal aliens into the United States, subcontracting manual labor performed by the aliens, and profiting from this arrangement.

## Ongoing Reviews

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

- ◆ The FBI's handling of intelligence information prior to the September 11 terrorist attacks.
- ◆ The purpose, priorities, membership, functions, lines of authority, and accomplishments of the Department's counterterrorism task forces.
- ◆ The FBI's language translation program's effectiveness and security.
- ◆ The reprioritization of the FBI's investigative resources after the September 11 terrorist attacks.
- ◆ The FBI DNA Analysis Unit's protocols and procedures.
- ◆ The management and progress of Trilogy, the FBI's largest and most critical IT project.
- ◆ The DEA's use of paid, confidential informants in criminal investigations and drug case prosecutions.
- ◆ The BOP's selection of Muslim religious services providers.
- ◆ The USMS's administration of the Witness Security Program.
- ◆ The ATF's enforcement of federal firearms laws through its licensee inspection program.
- ◆ The funding of state efforts to identify, collect, and analyze DNA evidence in cases in which no suspect has been developed.

# Overview of the OIG

The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and to promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, DEA, BOP, USMS, ATF, USAOs, and all other organizations in the Department.

The OIG consists of the Immediate Office of the IG and the following divisions and offices:

- ◆ **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, the Office of Operations, the Office of Policy and Planning, and an Advanced Audit Techniques Group.
- ◆ **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Fraud Detection Office is also located in Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, Philadelphia, San Francisco, and Tucson. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations, Special Operations, Investigative Support, Research and Analysis, and Policy and Administration.
- ◆ **Evaluation and Inspections Division** provides an alternative mechanism to traditional audit and investigative disciplines to evaluate and inspect Department programs and activities.
- ◆ **Office of Oversight and Review** blends the skills of attorneys, investigators, and program analysts to review Department programs and to investigate sensitive allegations involving Department employees and programs.
- ◆ **Management and Planning Division** assists OIG components in budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, strategic planning, and quality assurance and internal controls.
- ◆ **Office of General Counsel** provides legal advice to OIG management and staff. It also drafts memoranda on issues of law; prepares administrative subpoenas; represents the OIG in personnel, contractual, and legal matters; and responds to *Freedom of Information Act* requests.

The OIG has a nationwide workforce of approximately 400 special agents, auditors, inspectors, attorneys, and support staff. For FY 2004, the OIG's direct appropriation is \$60.8 million, and





the OIG expects to earn an additional \$2.5 million in reimbursements. The OIG also received \$2.5 million from the *Emergency Wartime Supplemental Appropriations Act, 2003* (Public Law 108-11) – funds that remain available until September 30, 2004.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this *Semiannual Report to Congress* reviewing the accomplishments of the OIG for the six-month period of October 1, 2003, through March 31,

2004, is to be submitted no later than April 30, 2004, to the Attorney General for his review. The Attorney General is required to forward the report to Congress no later than May 31, 2004, along with information on the Department's position on audit resolution and follow-up activity in response to matters discussed in this report.

*Additional information about the OIG and full-text versions of many of its reports are available at [www.usdoj.gov/oig](http://www.usdoj.gov/oig).*



# Multicomponent Audits, Reviews, and Investigations

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

## Reports Issued

### Integration of FBI and Immigration Fingerprint Systems

Following up on reports we issued in 2001 and 2003, the OIG reviewed the status of efforts to integrate the Department of Homeland Security's (DHS's) automated fingerprint identification database (IDENT) with the FBI's automated fingerprint identification database (IAFIS). We also examined the actions of immigration employees in a case that demonstrated the need to integrate the databases as expeditiously as possible.

In January 2002, the Border Patrol apprehended Victor Manuel Batres twice in two days after he attempted to enter the United State illegally. Instead of being detained because of his extensive criminal record, he was returned to Mexico and subsequently succeeded in crossing the border illegally. In September 2002, he brutally raped two Catholic nuns in Oregon, killing one of them. Although we found that some of the agents and supervisors who apprehended Batres that January failed to follow Border Patrol policies, we concluded that individual agents – often overwhelmed by large numbers of aliens and cumbersome procedures – will not be able to consistently determine the full criminal histories and prior deportations of all aliens they apprehend until they can simultaneously query both immigration and FBI fingerprint records.

Integration of the IDENT and IAFIS databases has been advancing slowly, our review found, in

part because of uncertainty over who is responsible for managing the project. Although some progress has been made, the government's plans did not have full integration scheduled for several more years. Moreover, the Department and the DHS had not entered into a memorandum of understanding on the specific roles, responsibilities, and funding for the integration project. Also contributing to the delays has been the priority given to other DHS automation projects, such as US VISIT, a database of information on foreign nationals that tracks their entry into and exit from the United States. Further delays have resulted from technical difficulties with fingerprint image quality and achieving interoperability between IDENT/IAFIS and US VISIT.

In our follow-up review, the OIG recommended the Department:

- ◆ Develop and implement a memorandum of understanding with the DHS to guide the integration of IDENT and IAFIS;
- ◆ Assign responsibility for coordinating and overseeing the integration project to a senior Department official;
- ◆ Pursue expeditiously the development of the next version of the IDENT/IAFIS integration project, which will provide the DHS's apprehension and criminal history information to other federal, state, and local law enforcement agencies;
- ◆ Work with the DHS to update the FBI's "wants and warrants" information with IDENT on a daily, rather than biweekly, basis until IDENT and IAFIS are fully integrated; and
- ◆ Coordinate with the DHS to establish procedures to ensure that the criminal histories of all aliens who have a "lookout" or an IAFIS "hit" are provided to and reviewed by the Border Patrol.

The Department agreed with the recommendations. After the OIG's report was issued, DHS and Department officials stated that IDENT/IAFIS integration would be expedited.

### Civil Rights and Civil Liberties Complaints

Section 1001 of the *USA Patriot Act* directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to submit a semiannual report to Congress discussing our implementation of these responsibilities. In January 2004, the OIG issued its fourth report summarizing our Section 1001 activities.

The report, covering the period from June 16, 2003, through December 15, 2003, described the status of OIG and Department investigations of alleged civil rights and civil liberties abuses by Department employees. In addition, the report highlighted several OIG reviews undertaken in furtherance of our Section 1001 responsibilities, including the investigation of allegations that some correctional officers in the Metropolitan Detention Center in Brooklyn, New York, physically and verbally abused aliens who were detained on immigration charges and held in connection with the investigation of the September 11 terrorist attacks. (For details of that review, see "Abuse of September 11 Detainees" in the BOP section.)

During the six-month period covered by the report, the OIG received more than 1,200 complaints alleging civil rights and civil liberties abuses. We determined that 162 of these complaints were against Department employees. However, many of the 162 complaints did not raise issues covered by the OIG's duties under Section 1001. For example, the OIG received numerous complaints from inmates alleging that they have not received appropriate medical care or were given food that violated their religious dietary restrictions. None of the 162 matters involved complaints alleging misconduct by Department employees related to their use of a substantive provision of the Patriot Act.

After analyzing the 162 complaints, the OIG identified 17 matters that we believed warranted

an investigation or a closer review. These matters included allegations of excessive force against BOP inmates, verbal abuse of inmates, denial of inmate access to the law library and telephone calls, unreasonable prison cell searches, and placement in solitary confinement for no apparent reason. The OIG is investigating several of those complaints and has referred the remainder to the internal affairs offices of the affected component.

### Implementation of Plans for Protecting Cyber-Based Infrastructure

As part of an effort sponsored by the President's Council on Integrity and Efficiency, the OIG audited the Department's implementation of its plans for protecting its cyber-based infrastructure. Our report, issued in November 2003, found the Department had not achieved the "full operating capability" required for federal agencies by May 2003 and, as a consequence, its ability to perform vital missions was at risk from terrorist attacks or similar threats.

Our report concluded that the Department needed to complete its critical infrastructure protection efforts in risk mitigation, emergency management, interagency coordination, and resource and organizational requirements. We made 26 recommendations to help improve the Department's efforts, which included (1) developing a risk mitigation tracking system for the inventory of classified mission-essential infrastructure systems; (2) developing a multiyear funding plan based on resources required to mitigate vulnerabilities; (3) developing contingency plans for all critical IT assets; (4) testing contingency plans periodically as required; (5) compiling a list of links, relationships, and contacts with other federal agencies and other external entities (foreign governments, state and local agencies, and the private sector); and (6) contacting external entities to determine whether any of the Department's assets are critical to their missions.

### Department Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the

Department. The OIG oversees and issues the audits based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the Department's Annual Financial Statement for FY 2003.

For the third consecutive year, the Department received an unqualified opinion on its consolidated financial statement. Additionally, the number of material weaknesses reported at the consolidated level declined from two to one. These results reflect a continued commitment by the Department to financial accountability and improvements in internal controls.

While improvements in internal controls have been made, the material weakness in financial controls and the reportable condition in information systems are both long-standing issues at the Department. They represent significant risks that data processed on the Department's information systems is not adequately protected from unauthorized access or service disruption.

As in prior years, the issues related to financial controls have only been overcome by significant year-end manual efforts. Many tasks had to be performed manually because the Department lacks sufficient automated systems to readily support ongoing accounting operations. Manual efforts compromise the ability of the Department to prepare timely financial statements in accordance with generally accepted accounting principles, require considerable monetary and human resources, and represent an inefficient use of these resources. The manual processes are being strained further by the accelerated due dates and additional requirements established by the Office of Management and Budget (OMB). The OMB's accelerated reporting date of November 15, 2004, means the Department must complete its next *Performance and Accountability Report* 2½ months earlier than it did in FY 2003.

The Department's unqualified opinion also included unqualified opinions on all 11 of the reporting components' financial statements that make up the consolidated report. Some of the Department's components were able to reduce

the number of reportable conditions, but others had new conditions identified and reported this year. Although the audits reported a total of nine material weaknesses and ten reportable conditions at the component level for both FYs 2003 and 2002, the mix among components differed from one year to the next.

Overall, 8 of 11 components had weaknesses in financial accounting and reporting. This finding primarily reflected problems recording transactions in accordance with generally accepted accounting principles and meeting requirements of the Department's financial statement guidelines. Nine of the components also had weaknesses in financial management systems' general and application controls. In the *Report on Compliance With Laws and Regulations*, the auditors identified six Department components that were not compliant with the *Federal Financial Management Improvement Act of 1996*, which specifically addresses the adequacy of federal financial management systems. Additionally, the audits identified five components that were not compliant with OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, which among other items requires agencies to (1) fund the net present value of the government's estimated legal obligation over the life of a capital lease and (2) record an unfilled customer order (for services performed) or an obligation (for services acquired) at the time an agreement/contract to commit the federal government is signed.

The audits recommended the Department revise the departmentwide financial statement reporting requirements and monitor components' compliance and efforts to correct all deficiencies noted. The Department concurred with the recommendations.

The following table compares the FYs 2003 and 2002 audit results for the Department's consolidated audit as well as for the 11 individual components' audits.

## Comparison of FYs 2003 and 2002 Audit Results

Reporting Entity	Auditors' Opinion on Financial Statements		Number of Material Weaknesses		Number of Reportable Conditions	
	2003	2002	2003	2002	2003	2002
Consolidated Department of Justice	Unqualified	Unqualified	1	2	1	0
Assets Forfeiture Fund and Seized Asset Deposit Fund	Unqualified	Unqualified	1	0	0	1
Bureau of Alcohol, Tobacco, Firearms and Explosives <sup>1</sup>	Unqualified	N/A	0	N/A	1	N/A
Drug Enforcement Administration	Unqualified	Unqualified	0	0	2	2
Federal Bureau of Investigation	Unqualified	Unqualified	2	3	0	0
Federal Bureau of Prisons	Unqualified	Unqualified	0	0	2	2
Federal Prison Industries, Inc.	Unqualified	Unqualified	0	1	1	1
Immigration and Naturalization Service <sup>1</sup>	Unqualified	Unqualified	3	3	1	0
Office of Justice Programs	Unqualified	Unqualified	0	0	1	1
Offices, Boards and Divisions	Unqualified	Unqualified	1	1	1	1
U.S. Marshals Service	Unqualified	Unqualified	1	0	1	2
Working Capital Fund	Unqualified	Unqualified	1	1	0	0
<b>Component Totals</b>			<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>

Note: For definitions of terms used in the table, please see the glossary at the end of this report.

<sup>1</sup>Pursuant to the *Homeland Security Act of 2002* (Public Law 107-296), the Bureau of Alcohol, Tobacco, Firearms and Explosives transferred from the Department of the Treasury to the Department of Justice on January 24, 2003; the Immigration and Naturalization Service transferred from the Department of Justice to the Department of Homeland Security on March 1, 2003.

### Computer Security Audits in Response to the Federal Information Security Management Act

The *Federal Information Security Management Act* (FISMA) was enacted into law as Title III of the *E-Government Act of 2002* (Public Law 107-347, December 17, 2002). It replaces the *Government Information Security Reform Act* provisions of the *FY 2001 National Defense Authorization Act* (Public Law 106-398, sec. 1061-1064) with permanent provisions, including requirements for minimum mandatory information security standards.

The FISMA directs the OIG to perform an annual independent evaluation of the Department's information security program and practices and requires the results to be submitted to the OMB. For FY 2003, we selected five mission-

critical Department computer systems to examine: two from the FBI and one each from the DEA, the USMS, and the ATF. Additionally, we reviewed the Department's oversight initiatives with respect to computer security. As a result of our FISMA reviews, we issued five individual reports for the five computer systems. The report on Department oversight has been completed and will be issued shortly.

While we found progress in certain areas of computer security, we concluded that continued improvements are needed in program oversight and vulnerability management. Additional focus in these areas would reduce the total number of vulnerabilities within the Department's IT systems. Of the five systems we reviewed, we assessed three as representing "high risks" to protection from unauthorized use, loss, or modi-

fication, and we assessed two systems as “medium risk.” We made a total of 76 recommendations for corrective action as part of the FISMA 2003 reports.

### **The Department’s Response to FOIA Requests for Its Workplace Diversity Report**

The OIG reviewed the Department’s handling of *Freedom of Information Act* (FOIA) requests for its report entitled *Support for the Department in Conducting an Analysis of Diversity in the Attorney Workforce*. The OIG’s review found that the FOIA requests for the report were handled in conformance with the Department’s normal FOIA process. The decision not to release the report in full was made by officials in the Office of the Deputy Attorney General after consultation with the Deputy Director of the Office of Information and Privacy. We also concluded that the decision to release or redact the report was a discretionary decision under applicable FOIA law, and the redactions made by the Department did not appear to violate FOIA law.

### **Prompt Payment Act Interest Penalties Paid by the Department During FYs 2002 and 2003**

The *Prompt Payment Act* (Public Law 100-496) requires executive departments to pay vendors interest penalties on late payments. The interest penalties must be paid automatically, and the agencies must absorb the cost from available funds of the program for which the payment was late. In this reporting period, we issued an information report on the amounts of prompt payment interest penalties the Department paid in FYs 2002 and 2003.

The amount of interest penalties the Department paid has decreased significantly since FY 2001 when Department components paid approximately \$5.8 million in interest penalties. The amount decreased to \$2.5 million and \$1.7 million in FY 2002 and FY 2003, respectively, which represents a 71 percent decrease from FY 2001 to FY 2003.

During FYs 2002 and 2003, the Justice Management Division (JMD) required the periodic sub-

mission of prompt payment statistics for review. We recommended that JMD continue to monitor each of the components to ensure the interest penalties are minimal.

### **Grant Audits**

We continued to audit grants awarded by COPS, and we have increased our audits of grants awarded by OJP. Examples of the findings reported in the 31 grant audits we completed during this reporting period include the following:

- ◆ The San Juan, Puerto Rico, Police Department was awarded more than \$37.6 million in COPS grants to hire 782 additional sworn law enforcement officers and to redeploy 15 police officers into community policing activities through the use of overtime for officers and the hiring of civilians. We determined that the police department did not hire and maintain the required number of officers, received reimbursement for costs incurred after grant expiration, could not support its local matching funds, and could not demonstrate the required level of redeployment of officer positions into community policing for the required periods. As a result of these deficiencies, we identified in excess of \$6.9 million in questioned costs and recommended \$296,230 be put to better use.
- ◆ Dane County, Wisconsin, was awarded more than \$1.7 million in OJP grants to encourage the treatment of domestic violence as a serious violation of criminal law. We determined that the grantee commingled grant funds and could not fully account for grant expenditures. As a result of these deficiencies, we identified in excess of \$1.7 million in questioned costs and recommended \$4,182 be put to better use.
- ◆ The Turtle Mountain Band of Chippewa Indians (Belcourt, North Dakota) was awarded more than \$1.2 million in OJP grants to establish a drug court and provide associated services. We determined that the grantee charged unallowable costs to the grants, did not have proper documentation to support expenditures and matching costs, and paid

salaries in excess of approved rates. As a result of these deficiencies, we identified \$604,806 in questioned costs.

- ◆ The Fox Valley Technical College (Appleton, Wisconsin) was awarded more than \$7.2 million in OJP grants to provide training and technical assistance to professionals involved in the management or investigation of missing or exploited children cases. We determined that the grantee charged unapproved salaries and fringe benefits to the grant, did not have proper documentation to support employees' time charged to the grant, and transferred funds between budget cost categories in excess of authorized levels. As a result of these deficiencies, we identified \$777,090 in questioned costs.

## Investigations

The following are some of the cases investigated by the OIG during this reporting period that involved multiple components of the Department:

- ◆ Crawford Healthcare Management of Norfolk and Baltimore, Inc. – a contractor hired to contain costs associated with workers' compensation claims – pled guilty to a mail fraud scheme and agreed to pay a criminal fine of \$8 million for overcharging the Department and other clients. A joint investigation by the OIG's Fraud Detection Office, the FBI, and the OIGs of the Departments of Defense and Labor determined that more than 100 Department of Justice employees from various components had been covered by workers' compensation funds when treated at Crawford offices. In addition to the \$8 million criminal fine, Crawford faces civil false claims action.
- ◆ OJP received a settlement check from the City of Portland, Oregon, in the amount of \$25,551 for reimbursement of overtime fraudulently claimed by officers of the Portland Police Bureau. A joint investigation by the OIG's San Francisco Area Office and the Portland Police Bureau disclosed that more than 25 police officers received overtime pay on as many as 100 or more occasions from OJP Local Law Enforcement Block Grants for work they did not perform. The investigation disclosed that the police officers often were drinking at bars while receiving overtime charged to the grants. Criminal prosecution of the police officers was declined in favor of civil recovery.
- ◆ A civilian was arrested and pled guilty in the Southern District of California to mail and wire fraud for submitting a fraudulent application for compensation to the September 11 Victims Compensation Fund. A joint investigation by the OIG's Fraud Detection Office and the San Diego Regional Fraud Task Force developed evidence that the civilian applied for benefits from the September 11 Fund on January 16, 2002, falsely claiming that his wife, who lives in Jamaica, was killed in the terrorist attacks. The civilian also submitted several other fraudulent applications for benefits and received \$104,500 from the American Red Cross and \$31,500 from New York area charities for victims of the terrorist attacks.
- ◆ A tribal court judge and three court clerks for the Turtle Mountain Band of Chippewa Indians were arrested on charges of embezzlement and theft of money and property in excess of \$1,000. An investigation by the OIG's Detroit Area Office led to an indictment in the District of North Dakota alleging that the judge and clerks stole Department grant monies that were paid to the Turtle Mountain Band of Chippewa Indians for court-related expenses. The investigation disclosed that the grantees falsified receipts and claims for travel costs and conference registration fees and falsely billed the tribe for expenses that were not incurred. The tribal judge and two of the clerks pled guilty and await sentencing.



## Ongoing Work

### The Department's Counterterrorism Task Forces

The OIG is examining how the Department's counterterrorism task forces support the Department's efforts to detect, deter, and disrupt terrorism. The review is evaluating the purpose, priorities, membership, functions, lines of authority, and accomplishments for the USAOs' Anti-Terrorism Advisory Councils, the FBI's Joint Terrorism Task Forces and Foreign Terrorist Tracking Task Force, and the Deputy Attorney General's National Security Coordination Council.

### Antiterrorism and Emergency Assistance Program

The Office for Victims of Crime, located within OJP, helps victims of crime recover from physical, emotional, and psychological injury. The Antiterrorism and Emergency Assistance Program, developed after the 1995 Oklahoma City bombing, is responsible for providing timely assistance to jurisdictions to address victims' needs in the aftermath of an act of terrorism or mass violence. Eligible recipients include victims of domestic incidents and victims of incidents abroad who are nationals, officers, or employees of the United States. The OIG is reviewing the Office for Victims of Crime to determine whether timely assistance was provided to jurisdictions to address victims' needs in the aftermath of acts of terrorism or mass violence, the eligibility of applicants was properly ascertained, and the funding granted was allowable.

### The No Suspect Casework DNA Backlog Reduction Grant Program

Through the National Institute of Justice, OJP provides funding to states for the identification, collection, and analysis of DNA samples from evidence collected in cases in which no suspect has been developed or in which the original suspect has been eliminated. A participating state can analyze the samples in its own laboratories or choose to outsource the work to contract laboratories. Our audit is focusing on the adminis-

tration and oversight of the program by OJP, the oversight of contract laboratories by states receiving grants, the allowability of costs charged to grants, and the achievement of the program's goals.

### The Department's Shooting Incident Investigations

The OIG is assessing the reporting, investigation, review, and discipline process for shooting incidents involving ATF, DEA, FBI, and USMS employees that occurred during FYs 2000 through 2003.

### Department Acquisition Processes

The Department is one of the federal agencies with the largest dollar expenditures for the acquisition of products and services, averaging approximately \$4 billion a year in contracts. This audit is evaluating the acquisition processes used by the components and JMD's oversight of acquisitions. The focus of the audit is to assess whether needed products and services are acquired in a timely manner for an economical price within governing regulations.

### Arson and Explosives Intelligence

This audit is evaluating how the Department can most efficiently and effectively collect statistics, investigative leads, and intelligence on arson and explosives incidents in the United States and make the information available to the law enforcement community. The FBI's Bomb Data Center and the ATF's Arson and Explosives National Repository maintain three different databases serving that function.

### OJP's Technical Assistance and Training Grants

The audit is evaluating OJP's methods for approving technical assistance and training grants to state, local, and tribal governments and community groups that are intended to help reduce crime, enforce state and local drug laws, and improve the functioning of the criminal justice system. The audit will assess the management, quality, and extent of the technical assistance and training provided.



### Office of the Federal Detention Trustee

Historically, the detention of individuals in federal custody awaiting trial or immigration proceedings was the responsibility of the USMS and the former Immigration and Naturalization Service (INS). In September 2001, Congress established the Office of the Federal Detention Trustee (OFDT) in the Department in response to the Department's continuing difficulty with planning for detention needs and obtaining detention space. The mission of the OFDT is to oversee and coordinate the Department's detention activities. The objectives of this audit are to review the funding received and expended, along with the accomplishments achieved since the inception of the OFDT in FY 2001; determine how the OFDT coordinates and oversees detention within the Department; and evaluate the OFDT's plans and goals for managing detention needs now that the INS is no longer part of the Department.

### Procedural Reform Recommendation

The OIG's Investigations Division prepares a Procedural Reform Recommendation (PRR) for corrective action by a Department component when an OIG investigation identifies a systemic weakness in an internal policy, practice, procedure, or program. The following is an example of a PRR prepared by the Investigations Division during this reporting period:

- ◆ The OIG prepared a PRR concerning the lack of written policies governing the standard of conduct for the Executive Office for Immigration Review (EOIR) employees whose offices are located within a BOP facility. The PRR was the result of an OIG investigation into allegations that several immigration judges brought wine into a BOP contract facility in violation of posted warnings stating that it is a violation to introduce contraband into the facility. The investigation determined that four judges contributed money to buy the wine for the immigration staff and that one of the judges brought the wine into the facility. However, EOIR and the BOP had no written policies that described whether EOIR employees were bound by BOP or facility policies regarding the introduction of items into a detention facility. The OIG recommended that EOIR counsel the judges about their bringing wine into the facility in contravention of the warning signs. We also recommended that EOIR develop a written policy concerning what items EOIR employees can bring into a correctional facility in which they work.



# The Federal Bureau of Investigation

The FBI is the principal investigative arm of the Department. It investigates civil rights violations, counterterrorism, foreign counterintelligence, organized crime, violent crime, financial crime, and other violations of federal law. FBI Headquarters in Washington, D.C., coordinates the activities of approximately 28,000 employees in 56 field offices, approximately 400 satellite offices, and more than 40 foreign liaison posts that work abroad on criminal matters within the FBI's jurisdiction.

## Reports Issued

### Improving the Sharing of Intelligence and Other Information

Since the September 11 terrorist attacks, preventing terrorist activities has been the FBI's highest priority, and an effective program to collect, analyze, and disseminate intelligence and other information is vital to that effort. Our audit examined the FBI's efforts to enhance its sharing of intelligence and law enforcement information with federal, state, and local officials.

We found that among the FBI's main obstacles to effective information sharing are the need to improve its IT systems, enhance its ability to analyze intelligence, overcome security clearance and other security issues concerning the sharing of information with state and local law enforcement agencies, and establish policies and procedures for managing the flow of information.

Our audit found that fundamental reform is under way at the FBI. The FBI has taken a series of actions, which are described in the audit report, including the following:

- ◆ Establishing the wide area network portion of the Trilogy IT modernization project to prepare for improvements such as the Virtual Case File, which will replace the Automated Case Support system;

- ◆ Borrowing 25 analysts from the Central Intelligence Agency (CIA) to establish an interim corps of intelligence analysts, and – under the direction of an experienced CIA manager – beginning to hire and train intelligence reports officers and analysts within a defined career track;
- ◆ Naming an executive assistant director and a deputy assistant director for a newly formed Office of Intelligence to oversee both terrorist-related and criminal intelligence matters, including management of the informant program;
- ◆ Developing nine concepts of operations to establish goals and key principles for improving the core elements of the FBI's intelligence program, including information sharing;
- ◆ Restructuring the Counterterrorism Division to provide a new emphasis on analysis, terrorist threats, terrorist financing, and dissemination of intelligence and other information;
- ◆ Widely circulating information and declassified intelligence to the state and local law enforcement community through a weekly *Intelligence Bulletin*;
- ◆ Providing threat information to state and local law enforcement through the National Law Enforcement Telecommunications System; and
- ◆ Increasing the number of Joint Terrorism Task Forces from 36 in 2001 to 84 in 2003 in order to work with and share intelligence and other information with other agencies.

While the FBI is improving its ability to share intelligence and law enforcement information, these efforts are still evolving and will require management's sustained attention to ensure full

implementation. The six recommendations the OIG made to help further improve the FBI's ability to share intelligence and other sensitive information, both within the FBI and externally, included the following:

- ◆ Establish procedures and a written policy for information sharing, including what types of information should be shared with which parties under what circumstances;
- ◆ Ensure the FBI-wide enterprise architecture now under development is accompanied by a process map clearly defining the current and end states for the information-sharing process so the numerous initiatives can be coordinated and properly monitored and managed; and
- ◆ Develop an implementation plan that includes a budget and a schedule detailing each step and identifying the responsible FBI official for each concept of operations.

### **An Investigation Regarding Removal of a Tiffany Globe Paperweight From the Fresh Kills Recovery Site**

The OIG examined allegations that an FBI agent improperly removed a Tiffany & Co. crystal globe paperweight from the Fresh Kills landfill site that processed materials from the World Trade Center terrorist attacks. The OIG determined that the FBI employee wrongfully took the globe and committed misconduct in doing so because the globe was an item of value that possibly belonged to one of the victims of the September 11 terrorist attacks.

In addition, during the course of our investigation, OIG agents interviewed the FBI agent who helped manage the Fresh Kills recovery site. The agent was inconsistent in his statements when asked about his actions and the advice he gave employees with respect to their ability to remove material from the landfill site. On the basis of several interviews he had with the OIG and the FBI, the OIG concluded that the agent lacked candor in his responses.

The OIG also found that many FBI employees took material from Fresh Kills as souvenirs. We

determined that the FBI had no written policy governing what could be taken from recovery sites or mass crime scenes like the World Trade Center. We also found FBI employees had taken material as souvenirs from other well-known crime scenes. In our report, we recommended the FBI develop formal written guidance that addresses the taking of mementos from recovery sites by FBI employees. In response, the FBI issued a policy prohibiting the taking of mementos from crime scenes and recovery sites.

### **Allegations of a Continuing Double Standard of Discipline**

In 2002, we issued a review of allegations that a double standard of discipline existed at the FBI. The allegations had been made by John Roberts, a unit chief in the FBI's Office of Professional Responsibility (OPR), who said senior FBI executives were treated more leniently than rank-and-file FBI employees. Our review concluded that a strong, and not unreasonable, perception existed among employees that a double standard of discipline existed, and we made several recommendations for improvements in the FBI's disciplinary process.

A November 2003 follow-up report on continuing allegations of a double standard of discipline in the FBI examined renewed allegations by Roberts. He appeared on the television program *60 Minutes* shortly before the 2002 report was issued and alleged that some FBI misconduct cases had "just disappeared, just vaporized, and no one [was] disciplined for it" and that a double standard of discipline continued to exist. Roberts subsequently told the OIG his comments about cases that "disappeared" referred to the adjudication phases of two investigations we detailed in the 2002 report. Roberts cited several cases to support his allegation that a double standard of discipline persisted.

This follow-up review found several examples of lower-level employees being treated more harshly than more senior employees and reinforced concerns we had expressed in our 2002 report. We concluded, however, that the small number of cases we examined provided an insuf-

ficient basis to definitively conclude that the FBI systematically favors senior executives over lower-level employees in the disciplinary process.

### **Implementation of the Communications Assistance for Law Enforcement Act**

Criminal organizations and individuals can use the telecommunications systems of the United States in the furtherance of serious crimes, including terrorism, kidnapping, extortion, organized crime, drug trafficking, and corruption. The law enforcement community uses court-authorized electronic surveillance of telecommunications systems as a tool for fighting crime.

Advances in the telecommunications industry's technology, however, have challenged the ability of law enforcement agencies to fully implement lawful orders to intercept communications and of telecommunications carriers to meet their responsibilities to provide assistance. In 1994, Congress passed the *Communications Assistance for Law Enforcement Act* (CALEA), directing the telecommunications industry to design, develop, and deploy solutions that meet specific law enforcement requirements. It authorized the appropriation of \$500 million to reimburse carriers for the direct costs of modifying systems they had installed or deployed on or before January 1, 1995. CALEA requires the OIG to report to Congress every two years on the act's implementation.

Our audit found that after more than nine years and nearly \$450 million in payments or obligations, full implementation of CALEA remains significantly delayed. The main reasons for the delay were that carriers have (1) challenged or failed to develop electronic surveillance standards that address all law enforcement needs, (2) challenged the FBI's carrier cost recovery regulations, and (3) not provided the FBI with reasonable deployment cost estimates.

In addition, the FBI reported that only recently are negotiations with manufacturers being completed to develop a software solution that will provide carriers with right-to-use licenses. The licenses would allow a carrier to activate the software once the manufacturer has been reimbursed

for its development cost and to thereby comply with CALEA requirements. Except for a one-time payment to a carrier to ensure that its network in Salt Lake City was CALEA compliant for the 2002 Winter Olympics, the FBI has not yet entered into any agreements with carriers because FBI personnel have believed that carriers' cost estimates for activation were unreasonable.

The FBI's cost estimates suggest the current funding level of \$500 million is insufficient to fully implement CALEA, but its cost estimates have varied widely. The audit was therefore skeptical of the accuracy of the FBI's estimates and of the likelihood that the implementation cost can be determined with any specificity.

Our report made the following three recommendations to the FBI to improve CALEA implementation:

- ◆ Collect and maintain data on the carrier equipment that is and is not CALEA compliant,
- ◆ Periodically survey state and local law enforcement to determine the extent to which delays in implementing CALEA are adversely affecting the ability to conduct lawful electronic surveillance, and
- ◆ Submit to Congress legislative changes needed to ensure lawful electronic surveillance is achieved expeditiously in the face of rapid technological change.

The FBI agreed with the recommendations.

### **Operations of the Legal Attaché Program**

The FBI has significantly expanded its overseas operations in the last decade because of the globalization of crime and terrorism and the expansion of the FBI's extraterritorial authority. The FBI operates offices known as legal attachés (legats) in 46 locations around the world. The primary mission of the legats is to support the FBI's investigative work on threats against the United States and its citizens by establishing, maintaining, and enhancing liaison with foreign

law enforcement agencies. Working with the foreign agencies, the legats seek to build networks that prevent crime or ensure access to the information needed to locate and extradite international criminals and terrorists and obtain evidence for their prosecution.

The objectives of our review were to determine the type of activities legats perform, their effectiveness in establishing liaisons with foreign agencies and in coordinating activities with other U.S. agencies overseas, the criteria and process used to determine the placement of offices, and the processes for selecting and training FBI personnel for legat positions. We conducted work primarily at FBI Headquarters in Washington, D.C., and at legats in Germany, Canada, South Africa, and Japan.

A key function of legats is handling requests for investigative assistance – referred to as investigative leads – from FBI Headquarters and field offices. Our audit found that although the number of investigative leads has grown significantly, overall, the legats appear able to handle the increasing workload. An exception was the Legat in Ottawa, which has a high volume of pending leads. The FBI's efforts to alleviate this problem, primarily by assigning temporary duty staff, have had marginal success. In addition, our review of FBI personnel traveling to Canada on temporary assignments indicated stronger controls are needed to ensure required country clearances are obtained and complete records of these clearances maintained.

After interviewing officials from numerous law enforcement and security agencies, we concluded that, in general, the four legats in the countries we visited were maintaining effective foreign liaisons. Most of the officials were complimentary of the legats and the working relationship that existed between their respective offices. The ambassadors, their staffs, and representatives from selected U.S. law enforcement and intelligence agencies uniformly described their interactions with the legats as positive.

In our review, we found the FBI periodically assesses the need for legat offices and for expand-

ing existing offices. These assessments have resulted in the opening of new offices, adding staff to existing offices to address increasing workload, and consolidating offices when the workload no longer justified keeping an office open.

We found the process the FBI has in place for selecting agents for legat positions is reasonable. But both an FBI review and our review indicate that improvements are needed in the training program for newly selected legat staff. Over one-third of current legat staff did not meet the FBI's foreign language proficiency goals at the time of our audit.

Among the six recommendations we made to improve the operation of the program were that the FBI should analyze the staffing level and workload in Legat Ottawa to determine whether additional permanent resources are needed to resolve the backlog of pending leads. The FBI should also strengthen controls to ensure country clearances are obtained, develop a system to ensure complete records of these clearances are maintained, and direct the FBI's Inspection Division to review compliance with country clearance requirements during its inspections.

## **Investigations**

During this reporting period, the OIG received 343 complaints involving the FBI. The most common allegations made against FBI employees included job performance failure, waste and misuse of government property, and other official misconduct. The OIG opened 15 cases and referred 17 allegations to the FBI's OPR for investigation.

At the close of the reporting period, the OIG had 49 open cases of alleged misconduct against FBI employees. The criminal investigations cover a wide range of offenses, including the improper release of law enforcement information and theft. The administrative investigations include serious allegations of misconduct, including allegations against high-level employees. The following are examples of cases involving the FBI that the OIG investigated during this reporting period:



- ◆ Two civilians were arrested in the Eastern District of Michigan on charges of obstruction of justice, witness tampering, and making threats against a federal law enforcement officer. A third civilian was arrested on related charges of heroin distribution. An investigation by the OIG's Chicago Field Office, assisted by the FBI, developed evidence of an elaborate scheme by one of the civilians, who was an FBI confidential informant, to use the other two civilians to fabricate information about a multi-state drug-trafficking organization that did not exist. To give credibility to his scheme, the confidential informant arranged scripted telephone conversations with the civilians, who posed as drug dealers, that took place on telephone lines he knew were being wiretapped by the FBI. During these conversations, one of the civilians made death threats against an undercover FBI agent and falsely claimed the special agent in charge (SAC) of the Detroit FBI Field Office was leaking information to him about the case. The OIG disproved this allegation and exonerated the SAC of wrongdoing. The investigation and judicial proceedings are continuing.
- ◆ An FBI investigative analyst assigned to the Dallas Field Division was arrested in the Northern District of Texas on charges of exceeding authorized access to a government computer and making false statements. A joint investigation by the OIG's Dallas Field Office and the FBI determined the analyst had accessed numerous FBI computer systems – including the Automated Case Support system and the National Crime Information Center – on active, pending, and closed investigations. The analyst disclosed information from these systems to friends and family members, some of whom were the subjects of FBI investigations. During the investigation, the analyst made false statements and failed to fully divulge the names of those to whom he disclosed the information. The analyst was terminated as a result of this investigation. Judicial proceedings are continuing.
- ◆ A former legal technician assigned to the Freedom of Information and Privacy Act Unit at FBI Headquarters was arrested, pled guilty, and was sentenced in the District of Columbia to 12 months and 1 day's incarceration and 2 years' supervised release on charges of computer fraud. An investigation by the OIG's Washington Field Office developed evidence that between September and November 2002, the legal technician conducted several searches in the FBI's computer system for information about individuals who were subjects of ongoing drug investigations. The legal technician then shared the results of her computer searches with individuals who were associated with the subjects of the investigations.
- ◆ An FBI investigative assistant assigned to the Atlanta Field Division pled guilty in the Northern District of Georgia to charges of false statements and embezzlement of government funds. An investigation by the OIG's Washington Field Office led to an indictment alleging the investigative assistant submitted a travel voucher claiming \$5,692 in reimbursable expenses for round-trip airfare to Cairo, Egypt, on Delta Airlines. In actuality, the investigative assistant traveled to Cairo using a Delta "Buddy Pass," a travel benefit extended to Delta employees and their friends. The Buddy Pass allowed her to travel at a cost of \$405 rather than the \$5,692 she claimed on her travel voucher. Sentencing is pending.

## Ongoing Work

### The Handling of Intelligence Information Prior to the September 11 Attacks

At the FBI Director's request, the OIG is reviewing issues related to the FBI's handling of certain intelligence information prior to the September 11 terrorist attacks. Among the issues under review are the FBI's handling of an electronic communication written by its Phoenix Division in July 2001 regarding extremists' attending civil aviation schools in Arizona, the FBI's handling of the Zacarias Moussaoui investigation, and the FBI's handling of information related to September 11 terrorists Nawaf al-Hazmi and Khalid al-Mihdhar.

### **Language Translation Services**

The OIG is conducting an audit of the FBI's language translation services program. The audit's objectives are to determine the extent and causes of any translation backlog; assess efforts to hire additional translators; and evaluate whether procedures ensure appropriate prioritization of work, accurate and timely translations of pertinent information, and proper security of sensitive information. The OIG also is conducting a separate investigation into allegations made by former FBI contract linguist Sibel Edmonds. These allegations include a claim that another linguist failed to report pertinent intercepted information as instructed and claims relating to improper hiring and supervision, abuse of time and attendance requirements, and misuse of official travel.

### **The FBI's Chinese Counterintelligence Program**

At the request of the FBI Director, the OIG is conducting a review of the FBI's performance in connection with the handling of Katrina Leung, who provided information to the FBI's Chinese counterintelligence program. Allegedly, Leung had a long-term intimate relationship with her FBI handler, Special Agent James J. Smith. The OIG's review will examine a variety of performance and management issues related to the FBI's handling of Leung and the FBI's counterintelligence program.

### **Reprioritization of Investigative Resources**

The OIG is reviewing the FBI's efforts to reprioritize and refocus its investigative resources on counterterrorism-related issues in the aftermath of the September 11 terrorist attacks. The audit's objectives are to identify internal operational changes in the FBI resulting from this ongoing reprioritization effort (including the changes in the types of offenses the FBI investigates) and to obtain feedback from external entities (including federal, state, and local law enforcement agencies) on the impact of the FBI's reprioritization on their operations.

### **Implementation of the Attorney General's Guidelines for Key Investigative Programs**

The OIG is reviewing the FBI's implementation of four sets of guidelines issued by the Attorney General on May 30, 2002: the Attorney General's Guidelines Regarding the Use of Confidential Informants; the Attorney General's Guidelines on FBI Undercover Operations; the Attorney General's Guidelines on General Crimes, Racketeering Enterprise, and Terrorism Enterprise Investigations; and the Revised Department of Justice Procedures for Lawful, Warrantless Monitoring of Verbal Communications. The objectives of the OIG review are to determine what steps the FBI has taken to implement the guidelines, examine how effective those steps have been, and assess the FBI's compliance with key provisions of the guidelines.

### **DNA Laboratory**

The OIG is reviewing the failure of a former technician in the FBI Laboratory DNA Analysis Unit to complete steps designed to detect contamination in the analysis process. In addition, with the assistance of nationally known DNA scientists, the OIG is conducting a broader assessment of the DNA Analysis Unit's protocols and procedures to determine if other vulnerabilities exist in its operations.

### **Management of the Trilog Project**

The OIG has initiated an audit of the FBI's management of the Trilog project, the FBI's largest and most critical IT project. The objectives are to determine the progress made toward achieving the project's cost, schedule, technical, and performance baselines and the extent to which Trilog will meet the FBI's overall current and longer-term IT requirements.





# The Drug Enforcement Administration

The DEA enforces federal laws and regulations related to the growing, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 9,000 employees staffing its 21 division offices in the United States and the Caribbean and 80 offices in 58 other countries.

## Reports Issued

### The DEA's Disciplinary System

We assessed the effectiveness of the DEA's system for investigating employee misconduct and disciplining employees when misconduct is confirmed. Specifically, we reviewed whether allegations of misconduct were properly reported to and investigated by the DEA's OPR, disciplinary penalties were fair and reasonable, the overall process was conducted in a timely manner, and the system was fairly administered.

We concluded that the DEA's system generally functioned well. The investigations of alleged misconduct appeared to be thorough and well-documented and provided a sound basis for making disciplinary decisions. We also concluded that the DEA usually imposed reasonable and consistent discipline for confirmed misconduct.

However, we found problems in various cases that revealed weaknesses in the DEA's three-tiered disciplinary system. On the first tier of the system, the OPR investigates allegations of misconduct; on the second, the Board of Professional Conduct determines whether misconduct occurred and proposes disciplinary actions; on the third, the deciding officials make the final disciplinary decision. The weaknesses we found included the following:

- ◆ Inadequate guidance and the possible failure of the deciding officials to properly consider the Board's mitigation before applying additional mitigating factors, resulting in penalties that appeared to be too lenient;
- ◆ Improper consideration of personal experience and opinion and of external factors by Board members and a deciding official when making disciplinary decisions;
- ◆ Failure to adequately document disciplinary decisions by the Board and deciding officials;
- ◆ Failure of DEA management to monitor the timeliness of the disciplinary process; and
- ◆ Lack of management oversight over the deciding officials.

We made eight recommendations to help the DEA ensure its disciplinary decisions are reasonable, free of inappropriate external influences, well-documented, and timely.

### Forensic Laboratory Operations

The DEA's forensic laboratories analyze evidence to aid the investigation and prosecution of drug-related crimes and the development of intelligence related to drug trafficking. The DEA's Office of Forensic Sciences operates seven regional and two specialized laboratories. The regional laboratories analyze domestic law enforcement exhibits to identify controlled substances and latent prints. Laboratory personnel provide expert testimony in court and technical advice and support to law enforcement at crime scenes. The DEA's specialized laboratories focus on research, the development of information for intelligence purposes, and computer and other digital exhibits.

This audit followed up on our 1995 report, which identified weaknesses in the DEA's laboratory facilities but found laboratory operations and management controls to be satisfactory, with customer satisfaction ranging from favorable to excellent. In the earlier report, we recommended the DEA enhance certain management controls and consider consolidating its regional laboratories if adequate funding for replacing the facilities was not provided. During the follow-up audit, we evaluated how effectively the DEA's forensic services support the investigation and prosecution of drug cases and the gathering of drug information for intelligence purposes. We also assessed how effectively the laboratories manage evidence and other controlled substances to prevent loss or compromise, and we followed up on the status of facility replacements.

We found DEA laboratory services were effective and the quality of work was well managed. Laboratory services were generally performed in time to be useful to customers. However, turnaround times were significantly longer for latent print and digital evidence services than for drug analyses because of limited resources. In addition, procedures for handling latent print exhibits could be improved to help identify more suspects. DEA procedures allowed many people to handle exhibits prior to examination, increasing the possibility that print residues may be obliterated. DEA procedures also did not provide analysts direct access to all possible databases that could be useful for matching prints. The DEA had established procedures for laboratories to control and account for the receipt, storage, transfer, and disposition of evidence exhibits, and laboratories complied substantially with the requirements. With respect to outdated facilities, we found most had been replaced, with one significant exception. The Southeast Laboratory in Miami has not yet been replaced or relocated and has serious ventilation problems. Additionally, we found security weaknesses at two laboratories.

We recommended, among other actions, that the DEA maximize the results of latent print examinations by adding direct access to more databases, instructing chemists and special agents in the

proper handling of exhibits for which fingerprint examination may be critical, and increasing the use of fingerprint specialists at crime scenes. We also recommended the DEA improve the timeliness of latent print and digital evidence services by allocating resources to support turnaround times comparable to those for drug services. We further recommended the DEA ensure exhibits are destroyed within the 90-day standard. The DEA concurred with all the recommendations.

### **Custodial Accountability for Evidence Held by Field Divisions**

The OIG evaluated the DEA's progress in correcting problems in the custody of evidence by DEA field divisions identified in a 2001 internal DEA inspection report. The DEA report stated that evidence custodians needed clearer guidance and were uncertain about their responsibilities for maintaining evidence logbooks, the DEA had no central point-of-contact for uniform evidence guidance, and evidence custodians lacked formal training. The DEA's findings followed a General Accounting Office (GAO) review that had determined the DEA needed to strengthen accountability for drug evidence.

We found that more than two years after the DEA's report – and four years after the GAO's report – the DEA had not corrected the deficiencies by implementing program guidance, improving headquarters support, or developing training. Consequently, some DEA field division personnel continued to handle and store evidence improperly. Our review determined that the DEA had not implemented its own recommendations because its internal report had not been distributed to the appropriate offices for action.

We concluded that the original recommendations from the internal inspection report remain valid. They were as follows:

- ◆ Ensure all evidence custodians have preprinted logbooks so that they all use the same data fields to track evidence in their custody;
- ◆ Appoint an expert point-of-contact who can provide uniform guidance, track questions, and

identify common trends to improve evidence-handling policies;

- ◆ Develop a handbook specifically for evidence custodians that outlines standard operating procedures and provides uniform guidance on evidence handling; and
- ◆ Provide formal, comprehensive training for evidence custodians that is uniform across all field divisions.

We recommended the DEA verify during field inspections that corrective actions have been taken. The DEA concurred with our recommendations.

## Investigations

During this reporting period, the OIG received 257 complaints involving the DEA. The most common allegations made against DEA employees included misuse of a credit card, job performance failure, and improper release of information. The OIG opened 7 investigations and referred 13 allegations to the DEA's OPR for investigation.

At the close of the reporting period, the OIG had 21 open cases of alleged misconduct against DEA employees. The following are examples of cases involving the DEA that the OIG investigated during this reporting period:

- ◆ The DEA associate special agent in charge (ASAC) assigned to the New York Field Office was arrested in the Southern District of New York on charges of embezzlement, false claims, aiding and abetting, mail and wire fraud, and theft of honest services. A joint investigation by the OIG's New York Field Office and the DEA's OPR led to a 214-count indictment alleging the ASAC embezzled \$138,000 from the DEA and misused DEA resources to perform work for a private investigations firm he owned and operated. The investigation revealed the ASAC had DEA special agents give him cash or money orders from the DEA imprest cashier under the pretext that the funds were required for legitimate DEA

enforcement efforts. The ASAC converted the funds to his own use or deposited them in personal bank accounts. In addition, the ASAC made DEA special agents issue administrative subpoenas and conduct computer searches, criminal histories, and other law enforcement activities on individuals unrelated to DEA investigations. The ASAC received payment from private clients for these activities.

- ◆ A special agent assigned to the DEA's Phoenix Field Division was arrested on charges of witness tampering. A joint investigation by the OIG's Tucson Area Office and the DEA's OPR led to an indictment alleging the special agent interfered with an ongoing DEA drug investigation by calling the drug suspect and warning him that an undercover DEA informant was working for law enforcement. The DEA's investigation was aborted, the drug arrest could not be made, and the drug suspect later fled. Judicial proceedings continue.

## Ongoing Work

### Use of Informants

The OIG is assessing the DEA's payments to confidential informants used in criminal investigations and drug case prosecutions, its compliance with regulations and controls over disbursements, and the effect that the information provided by informants has had on arrests and the prosecution of cases.

### Management of Information Technology

The OIG is conducting an audit of the DEA's acquisition and implementation of IT systems to determine whether the DEA is effectively managing its IT investments.



## The Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate those imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 34,000 employees and operates 104 institutions, 6 regional offices, 2 staff training centers, and 28 community corrections management offices. The BOP is responsible for the custody and care of approximately 174,000 federal offenders, 147,000 of whom are confined in BOP-operated correctional institutions and detention centers. The remainder are confined in facilities operated by state or local governments or in privately operated facilities.

### Reports Issued

#### Abuse of September 11 Detainees

The report supplemented our June 2003 review of the treatment of aliens held on immigration charges in connection with the investigation of the September 11 attacks. This follow-up report, issued in December 2003, examined allegations that some correctional officers in the BOP's Metropolitan Detention Center (MDC) in Brooklyn, New York, physically and verbally abused detainees there. In the supplemental report, we described the evidence we found of abuse, concluded that the evidence substantiated many of the allegations that had been made, and recommended the BOP discipline certain correctional officers. We also described systemic problems in how the MDC handled the September 11 detainees. Among the report's findings:

- ◆ We found evidence that some officers slammed detainees against the wall, twisted their arms and hands in painful ways, stepped on their leg restraint chains, and punished them by keeping them restrained for long periods. We determined that the way these

MDC officers handled some detainees was in many respects unprofessional, inappropriate, and in violation of BOP policy.

- ◆ While the staff members denied verbally abusing the detainees, we found evidence of staff members making threats to detainees and engaging in conduct that was demeaning to the detainees.
- ◆ MDC staff acted unprofessionally by placing detainees' faces against a T-shirt taped to the wall that had a picture of the U.S. flag and the phrase "These colors don't run" on it. One lieutenant said officers used the T-shirt to "acclimate detainees to the MDC" and send a message to them.
- ◆ We found the MDC regularly audiotaped detainees' meetings with their attorneys, in violation of 28 C.F.R. § 543.13(e) and BOP policy.

We made seven recommendations to the BOP to address those systemic problems, which we concluded would improve the BOP's ability to prepare for and respond to future emergencies involving detainees as well as improve its routine handling of inmates. We also recommended that the BOP consider taking disciplinary action against ten current BOP employees, counseling two current MDC employees, and informing employers of four former staff members about our findings against them.

After receiving the BOP's response to the seven recommendations contained in the OIG's MDC report discussed above, we issued an analysis concluding that, in general, the BOP has taken reasonable and responsible steps to implement our recommendations. Many of the BOP's

actions appropriately address the concerns underlying the recommendations. However, the BOP continues to disagree with several recommendations, including:

- ◆ The BOP did not believe it was appropriate to preselect and train a cadre of officers to handle high-security and sensitive inmates. However, according to the MDC lieutenants we interviewed, this approach would be preferable for escorting special interest detainees because it would have prevented a significant amount of the physical and verbal abuse that occurred.
- ◆ The BOP stated that it will continue to implement its policy of strip searching inmates after non-contact attorney and social visits. However, we found these strip searches required significant staffing resources, deterred detainees from meeting with their attorneys or families, and were not necessary for effectively intercepting contraband.

Implementation of these recommendations is ongoing, and we continue to monitor and report on the BOP's progress. The OIG expects to receive the BOP's next response by June 1, 2004.

### **Inmate Release Preparation and Transitional Reentry Programs**

The BOP is responsible for offering inmates occupational, educational, recreational, religious, and psychological programs that provide them with the skills they need to reenter society successfully when released from prison. The BOP also is required to provide eligible inmates the opportunity to make their transition into society through halfway houses. Studies have shown that inmates who successfully complete such programs are less likely to reoffend and return to prison.

During FYs 2000 through 2002, 74,401 federal inmates were released from BOP institutions and, according to the most recent recidivism statistics, about 41 percent of them will commit new offenses. Approximately 16 percent will return to federal prisons within three years. The OIG conducted this audit to evaluate whether the BOP is

ensuring federal inmates participate in programs designed to prepare them for successful reentry into society.

Our audit concluded that BOP institutions have not maximized the number of inmates who successfully complete reentry programs during incarceration. According to BOP officials, the BOP has been working to establish an effective strategic management process for monitoring and evaluating reentry program goals and outcomes since 1998. However, we found the BOP has not yet implemented a standardized process to establish realistic occupational and educational completion goals. From FYs 1999 through 2002, 34 to 69 percent of BOP institutions failed to meet occupational and educational program completion goals. The BOP also did not routinely review program performance at each of its institutions, despite the fact there was a wide range in the percentage of inmates successfully completing occupational and educational programs at institutions of the same security level. In addition, we found the BOP did not have a standardized process in place among its regions to ensure institutions maximize participation in psychological programs, nor did it track the percentage of inmates who successfully completed the Release Preparation Program at each of its institutions.

Our audit further concluded that the BOP does not ensure that all eligible inmates have the opportunity to make the transition back into society through halfway houses. We found that from FYs 2000 through 2002, 28 to 54 percent of BOP institutions failed to meet established targets for halfway house utilization and that utilization targets had not been established for high-security institutions.

Our report contained 13 recommendations to help improve the BOP's management of its programs to prepare inmates for release into society. The BOP concurred with all 13.



## Investigations

During this reporting period, the OIG received 2,483 complaints involving the BOP and opened 142 investigations. The most common allegations made against BOP employees included job performance failure, use of unnecessary force, official misconduct, and custody and security failure. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs.

At the close of the reporting period, the OIG had 264 open cases of alleged misconduct against BOP employees. The criminal investigations cover a wide range of allegations, including bribery of a public official, sexual abuse of inmates, and introduction of contraband (e.g., drugs). The following are examples of cases involving the BOP that the OIG investigated during this reporting period:

- ◆ A BOP correctional officer assigned to the Federal Correctional Institution in Estill, South Carolina, was sentenced to ten years' incarceration and five years' supervised release pursuant to his guilty plea of attempting to possess heroin with the intent to distribute. A joint investigation by the OIG's Washington Field Office and the FBI revealed the correctional officer had agreed to provide an inmate with 5 pounds of heroin in exchange for \$100,000.
- ◆ A BOP correctional officer was convicted by a jury in the Northern District of Texas on charges of aggravated sexual abuse, sexual abuse of a ward, abusive sexual contact, and assault with the intent to commit a felony. A joint investigation by the OIG's Dallas Field Office and the FBI developed evidence that in March 2000 the correctional officer forced a female inmate at the Federal Medical Center in Carswell, Texas, to engage in sexual intercourse with him. Sentencing is pending.
- ◆ A former BOP contract counselor employed to provide drug and alcohol counseling to individuals referred by the BOP and the U.S. Probation Office pled guilty in the Northern District of Texas to charges of tampering with government records. An investigation by the OIG's El Paso Area Office determined that from October 2000 to December 2002, the counselor submitted fraudulent invoices totaling approximately \$90,000, claiming he provided counseling services he did not provide. In addition, the contract counselor assisted two clients in circumventing urinalysis screening by substituting his own urine for the clients' urine and falsifying the paperwork to make the submission appear legitimate. Sentencing is pending.
- ◆ A BOP cook foreman assigned to the Federal Correctional Complex in Coleman, Florida, was arrested in the Middle District of Florida on charges of conspiracy to distribute marijuana and introduction of contraband. A joint investigation by the OIG's Miami Field Office and the FBI led to a meeting between the BOP cook and a civilian. During the meeting, the BOP cook received \$2,700 from the civilian for introducing marijuana into the correctional complex for an inmate. Judicial proceedings continue.
- ◆ A former inmate was arrested pursuant to an indictment returned in the Southern District of Illinois on charges of making false statements to the BOP and the OIG. The OIG's Chicago Field Office initiated an investigation based on allegations that the inmate had become pregnant after being coerced into having sex with a correctional officer while incarcerated at the Federal Prison Camp in Greenville, Illinois. However, the investigation developed evidence that the inmate's pregnancy resulted from sexual relations she had with her boyfriend while sneaking out of the camp at night. When confronted with evidence refuting her story, the inmate admitted fabricating the allegations against the correctional officer and providing false statements to conceal the circumstances of her pregnancy. The correctional officer was exonerated.

## **Ongoing Work**

### **The BOP's Disciplinary System**

The OIG is assessing whether the BOP adequately investigates allegations of employee misconduct and disciplines employees in a timely and consistent manner if they are found to have committed misconduct.

### **The Process for Selecting Muslim Religious Services Providers**

The OIG is reviewing the BOP's procedures for selecting Muslim personnel, contractors, and volunteers who provide religious services to inmates. The OIG's review is examining whether the BOP's process effectively screens candidates to ensure that members of extremist groups do not become religious service providers in the BOP.





## The U.S. Marshals Service

The USMS protects more than 2,000 federal judges and other members of the federal judiciary, transports federal prisoners, protects endangered federal witnesses, manages assets seized from criminal enterprises, and pursues and arrests federal fugitives. The director and deputy director of the USMS work with 94 U.S. marshals, each appointed by the President or the Attorney General, to direct the work of approximately 4,400 employees at more than 350 locations throughout the 50 states, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

### Reports Issued

#### Judicial Security

This review evaluated the USMS's efforts since September 11, 2001, to improve its protection of the federal judiciary. We focused specifically on the USMS's ability to assess threats and determine appropriate measures to protect members of the federal judiciary during high-threat trials and while they are away from courthouses.

We found the USMS's judicial threat assessments are untimely and of questionable validity. We determined that 73 percent of the threat assessments conducted from FYs 2000 through 2003 exceeded the established USMS time standard. Additionally, we questioned the validity of assessments because the historical threat database the USMS used to assess reported threats had not been updated since 1996 and contained no information on the more than 4,900 threats received since 1996.

Our review also found the USMS had limited capability to collect and share intelligence on threats to the federal judiciary among its 94 districts, did not fully participate in the FBI's

56 Joint Terrorism Task Forces, had not ensured that all USMS representatives to the task forces and senior operational officials in the USMS districts possessed the required security clearances, and had not provided the necessary secure telecommunication systems to enable each district to share intelligence effectively on threats against the judiciary.

In addition, our review found that the USMS lacks adequate risk-based standards for determining the appropriate measures for protecting the judiciary during high-threat trials and for protecting judges outside the courthouses. As a result, the USMS cannot ensure that districts consistently apply similar protective measures in response to similar threats or that limited resources for protecting the judiciary are used in the most effective manner.

The USMS concurred with the six recommendations in our report and agreed to take necessary corrective action.

#### Prisoner Medical Care

The USMS is responsible for providing medical care to the approximately 40,000 prisoners in its custody awaiting trial or judicial action. This care falls in two categories: (1) in-house medical care, which encompasses care at local jail clinics and, in some instances, emergency care provided in USMS cellblock operations, and (2) outside medical care, which encompasses advanced or specialized care at an outside facility. In FY 2002, the USMS spent approximately \$43 million on outside medical services for its prisoners, which included \$36 million for medical services and \$7 million in related guard costs. In addition to its costs, outside medical care generates risks, including the risk of escape; the risk of death or injury to an innocent bystander, law enforcement

official, or the prisoner; and the risk that the general public may be exposed to possibly infectious diseases.

The objectives of our audit were to determine whether the USMS provided prisoners necessary health care, the USMS screened and treated prisoners for communicable diseases, prisoner medical costs were necessary and reasonable, and the USMS provided prisoners secure transport to off-site facilities to receive medical treatment. In conducting the audit, we researched and reviewed applicable laws, policies, regulations, manuals, and memoranda; interviewed USMS officials at district offices and headquarters; and tested internal controls over prisoner medical care at 14 USMS district offices.

We found the USMS is not properly managing its prisoner medical care. Our audit determined that USMS district offices often ignore essential internal controls and procedures designed to ensure that basic and emergency health care is properly administered and that necessary outside medical care is efficiently and safely provided. We noted weaknesses in the internal control structure throughout the process, from procurement through payment. Districts were not reconciling invoices with pre-authorizations, in some cases because there were no pre-authorizations with which to reconcile. We also found that the USMS is not obtaining the lowest medical rates allowed by federal legislation and, as a result, is paying out an estimated \$7 million annually in excess fees for outside medical care.

In addition, we found USMS districts are not adequately tracking and monitoring communicable diseases, such as tuberculosis, hepatitis, and HIV/AIDS. The USMS districts also are not adequately monitoring local detention facilities to determine whether federal prisoners are receiving proper health care and are not effectively initiating health care improvements at local jails where health care is substandard. USMS inspections are cursory, and more in-depth reviews conducted by external groups are not followed up. We also found that the management of contract guard operations relative to prisoner medical care was characterized by inadequate training,

breaches in policy, and lapses in internal controls. We noted problems in nearly all areas of contract guard activity, ranging from a lack of documentation to overpayments.

Our report contains 12 recommendations to help improve the USMS's efforts to manage prisoner medical care. The USMS concurred fully or in part with 11 of the 12 recommendations.

### **Budget Execution During FYs 2002 and 2003**

The OIG reviewed whether the USMS executed its appropriated budgets for FYs 2002 and 2003 in accordance with congressional intent. During our review, we also identified a number of budget execution and appropriations issues.

The USMS received approximately \$1.5 billion in congressional appropriations in FY 2002 and approximately \$879 million in FY 2003. (The significant decrease was due to the transfer of funds for detention services from the USMS to the Office of the Federal Detention Trustee.) Using the appropriation laws and conference reports for FYs 2002 and 2003, we focused our review on the spending instructions Congress provided. We reviewed the USMS's documentation of its allocations, obligations, and expenditures to determine if the USMS adhered to congressional spending instructions. Most often, the USMS was unable to demonstrate adherence to the congressional spending instructions because it did not track changes, obligations, and expenditures to cost centers or against estimates developed from cost modules. Consequently, it could not demonstrate that the funds Congress provided in response to the cost module estimates were used for the specific purposes in the estimates. We concluded that the USMS needed to improve its budget execution process to demonstrate more clearly that budgeted funds are executed in accordance with congressional intent.

We also reviewed the USMS's allocation and obligation of funds for the Justice Detainee Information System, an automated prisoner information system. Since FY 1997, Congress has appropriated the USMS up to \$4 million annu-

ally, or \$28 million in total, to develop the system. However, at the time of our audit, the USMS had allocated only \$5.5 million of the available \$28 million for the system's development over the past seven years.

We recommended the USMS develop a budget execution system that allows expenditures to be traced accurately to their corresponding allocations and clarify that it is meeting congressional expectations with respect to development of the Justice Detainee Information System. The USMS disagreed with the former recommendation, but agreed with the latter.

## Investigations

During this reporting period, the OIG received 172 complaints involving the USMS. The most common allegations made against USMS employees included misuse of official position, use of unnecessary force, and fraud. The OIG opened 12 investigations and referred 2 other allegations to the USMS Office of Internal Affairs for investigation.

At the close of the reporting period, the OIG had 25 open cases of alleged misconduct against USMS employees. The following is an example of a case involving the USMS that the OIG investigated during this reporting period:

- ◆ A deputy U.S. marshal for the Northern District of Texas was arrested on charges of tax evasion and conspiracy to transport, harbor, and encourage an alien to enter the United States. A joint investigation by the OIG's Dallas Field Office, the Internal Revenue Service, and the DHS OIG revealed that the deputy marshal, with the assistance of two Border Patrol agents, "paroled" aliens into the United States under the guise of "law enforcement confidential informants." After obtaining parole documents, the deputy marshal had the aliens perform manual labor for him and his friends. The deputy marshal admitted that he transported the aliens to various neighbors' properties, subcontracted manual labor performed by the aliens, and profited from this arrangement. In addition,

the investigation determined that the deputy marshal took fraudulent tax deductions in conjunction with alleged business expenses and admitted to obtaining prohibited firearms, claiming these weapons were needed in furtherance of his official duties. The deputy marshal further acknowledged making false statements in an earlier affidavit and admitted to stealing government property worth several thousand dollars.

## Ongoing Work

### Administration of the Witness Security Program

The OIG is reviewing the USMS's administration of the Witness Security Program to evaluate plans and strategies for achieving the program's security objectives, controls for witness safety, and controls for payments to protected witnesses and their families.

### Background Investigations

The OIG is examining the USMS's background investigations of its employees.

# Other Department Components

## The U.S. Attorneys' Offices

U.S. Attorneys serve as the federal government's principal criminal and civil litigators and conduct most of the trial work in which the United States is a party. Under the direction of the Attorney General, 93 U.S. Attorneys are stationed throughout the United States, Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands. More than 11,600 employees work in those offices and in the Executive Office for U.S. Attorneys (EOUSA).

## Reports Issued

### Critical Incident Response Plans

The OIG reviewed the USAOs' implementation of the Crisis Management Coordinator (CMC) Program, which is intended to improve the USAOs' ability to respond quickly and appropriately to critical incidents ranging from natural disasters to terrorist attacks. We examined the training provided to staff, the exercises conducted to respond to critical incidents, and the critical incident response plans the USAOs developed. In addition, we reviewed the administration and support the Criminal Division's Counterterrorism Section and the EOUSA provided to the CMC Program.

We found that although the Counterterrorism Section, the EOUSA, and the USAOs had taken significant steps to improve the prevention of terrorist attacks, the CMC Program had not been implemented adequately to ensure the USAOs are fully prepared to respond quickly and appropriately to critical incidents. We found the USAOs' critical incident response plans were inadequate, few USAOs had conducted exercises to test their plans, and training for CMCs was not sufficient. These deficiencies have existed from the inception of the program in 1996 and still have not been fully addressed. We concluded that the deficiencies leave the Department less prepared than it could

be – and should be – to respond if terrorist attacks or other critical incidents occur.

For example, although the Department identified 48 fundamental actions in 1999 that the USAOs should take when responding to a critical incident, the plans most of the USAOs developed did not include guidance to ensure all of those actions would be accomplished. Examples of the actions to be taken in the event of an incident include coordinating and conducting interviews, managing crime scenes, and deploying USAO resources to the FBI's command post. Only 12 of the 76 plans we reviewed addressed at least 24 of the 48 actions, and 3 of them failed to address any of the 48 actions.

We made ten recommendations to help increase the USAOs' overall preparedness to respond to critical incidents, including revising their plans to address the action items identified by the Department and participating in periodic exercises to test the plans. The Criminal Division and the EOUSA concurred with nine of our recommendations and partially concurred with the tenth.

### Payments to Vendors

Our audit assessed whether payments the USAOs made to vendors were in accordance with federal regulations and the policies prescribed by the EOUSA. We tested third-party drafts, purchase cards, electronic fund transfers, and Treasury check payments made by the EOUSA and six USAOs. We sampled a total of 1,517 out of 30,422 transactions at the seven locations. The dollar value of our combined sampled transactions was \$2,755,123 out of a total of \$31,726,084.

Overall, we found that the procurement and payment directives issued by the EOUSA and other authorities established a system that was sufficient to prevent or detect fraud, loss, or error in payments to vendors. We found an overall low error rate in our tests of the procurement and payment system, indicating that the USAOs gen-

erally complied with the directives. However, we found that the procurement authorization forms used by the USAOs to request, approve, and document purchases were inconsistently designed, and some forms did not contain important elements required by procurement regulations. As a result, some acquisition requirements were not being met and were not properly documented.

We made seven recommendations for corrective action that included enhancing existing forms and monthly statements used in the acquisition and payment process, expanding the review process, and reviewing current acquisition and payment limits. We also recommended improved documentation of the actions taken by accountable officers. The EOUSA agreed with our recommendations and is taking corrective action to address them.

## Investigations

The following is an example of cases involving USAOs that the OIG investigated during this reporting period:

- ◆ A former clerk assigned to the USAO in McAllen, Texas, was arrested pursuant to an indictment returned in the Southern District of Texas for theft of government property, disclosure of confidential information, and conspiracy. A joint investigation by the OIG's Houston Area Office and the FBI determined that the clerk took information and documents relating to narcotics prosecutions and provided the information to defendants and narcotics traffickers in Mexico. The clerk resigned her position as a result of the investigation. Judicial proceedings continue.

## The Bureau of Alcohol, Tobacco, Firearms and Explosives

The ATF enforces the federal laws on firearms, explosives, and arson and administers the U.S. Criminal Code provisions on alcohol and tobacco smuggling and diversion. It seeks to combat terrorism, conduct fair and effective regulation of the firearms and explosives industries, and provide training and expertise to federal, state, local, and international law enforcement partners. Its nearly 4,700 special agents, inspectors, regulatory specialists, forensic auditors, laboratory technicians, and other personnel work primarily in 23 field divisions across the 50 states and in offices in Guam, the U.S. Virgin Islands, Puerto Rico, Mexico, Canada, Colombia, and France.

## Investigations

The following is an example of cases involving the ATF that the OIG investigated during this reporting period:

- ◆ The resident agent in charge (RAC) of the ATF Dallas Field Office was arrested in the Northern District of Texas on an information charging him with theft of government property. An investigation by the OIG's Dallas Field Office revealed that beginning in October 1996 and continuing until May 2003, the RAC submitted 38 forged and fraudulent vouchers and received approximately \$40,750 in reimbursements for alleged fraudulent payments to confidential informants. The RAC resigned as a result of this investigation. Judicial proceedings continue.

## Ongoing Work

### The Federal Firearms Licensee Inspection Program

The OIG is examining the effectiveness of the ATF's enforcement of federal firearms laws through its federal firearms licensee inspection program. The review is assessing whether the program is effectively ensuring compliance with federal firearms laws and how program violations are identified and corrected.

### Implementation of the Safe Explosives Act

The OIG is assessing the ATF's implementation of the *Safe Explosives Act*, a subsection of the *Homeland Security Act of 2002*, which is intended to prevent explosives accidents and reduce the possibility of the theft of explosives for potential terrorist use.

### Enforcement and Referral of Brady Act Violations

The OIG is examining whether the ATF is effectively investigating and referring for prosecution violations of the *Brady Handgun Violence Prevention Act* that are identified through the National Instant Criminal Background Check System. Specifically, the review is assessing whether the ATF is investigating those cases involving firearms issued to prohibited individuals – and retrieving the weapons – in a timely manner; the extent to which the ATF is investigating other Brady Act violations; and the extent to which Brady Act violations are being prosecuted by the USAOs.



## Top Management Challenges

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

The OIG's list of top challenges for this year, issued in November 2003, is below. The list is not presented in order of priority. However, it is clear that the top challenge this year, as on last year's list, is the Department's ongoing response to the threat of terrorism.

Eight of the challenges from last year's list remain. They are long-standing, difficult issues that will not be solved quickly or easily.

We have added two new top challenges this year: (1) Protecting the Security of Department Information and Infrastructure and (2) Reducing the Supply of and Demand for Illegal Drugs. Maintaining the security of classified information and protecting critical infrastructure is a key challenge for the Department, as revealed by the espionage case of former FBI Special Agent Robert Hanssen and several ongoing OIG reviews. The other new challenge – reducing the supply of illegal drugs, the diversion of legal drugs for illicit use, and the demand for drugs in this country – is a critical challenge facing the Department and the nation.

### Top Management Challenges in the Department of Justice – 2003

1. Counterterrorism
2. Sharing of Intelligence and Law Enforcement Information
3. Information Systems Planning and Implementation
4. Computer Systems Security
5. Financial Management
6. Grant Management
7. Performance-Based Management
8. Human Capital
9. Protecting the Security of Department Information and Infrastructure
10. Reducing the Supply of and Demand for Illegal Drugs

Detailed information about these management challenges can be found at [www.usdoj.gov/oig/challenges.htm](http://www.usdoj.gov/oig/challenges.htm).

## Congressional Testimony

During this reporting period, the IG testified at a March 23, 2004, hearing before the Senate Appropriations Committee, Subcommittee on Commerce, Justice, State and the Judiciary, about a variety of audits, inspections, and special

reviews the OIG has undertaken in the FBI. Specifically, the IG discussed the FBI's management of its IT resources and its implementation of the Trilogy project.

## Legislation and Regulations

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

During this reporting period, the OIG reviewed a variety of legislation, including a bill that would provide federal grants to eliminate the

backlog of DNA samples collected from crime scenes and convicted offenders and provide federal grants to states to improve the quality of death penalty prosecution and representation. The OIG also reviewed legislation to reauthorize the Department that contained a provision that would increase the penalty for sexual abuse of a ward from a misdemeanor to a felony and clarify that federal prohibitions against sexual abuse and contraband apply to nonfederal facilities housing federal inmates.

# Statistical Information

## Audit Statistics

### Audit Summary

During this reporting period, the Audit Division issued 146 audit reports containing more than \$29 million in questioned costs and \$1.4 million in funds to better use and made 454 recommenda-

tions for management improvement. Specifically, the Audit Division issued 18 internal reports of programs funded at more than \$124 million; 31 external reports of contracts, grants, and other agreements funded at more than \$126 million; and 97 *Single Audit Act* audits. In addition, the Audit Division issued six Notifications of Irregularities, one Management Letter Transmittal, and one Management Improvement Memorandum.

#### Funds Recommended to Be Put to Better Use

Audit Reports	Number of Audit Reports	Funds Recommended to Be Put to Better Use
No management decision made by beginning of period	2	\$3,506,215
Issued during period	6	\$1,410,552
Needing management decision during period	8	\$4,916,767
Management decisions made during period:		
– Amounts management agreed to put to better use <sup>1</sup>	7	\$1,585,661
– Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	1	\$3,331,106

<sup>1</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

### Audits With Questioned Costs

Audit Reports	Number of of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	20	\$18,452,616	\$6,860,337
Issued during period	51	\$29,258,897	\$13,827,659
Needing management decision during period	71	\$47,711,513	\$20,687,996
Management decisions made during period:			
– Amounts management agreed to put to better use <sup>1</sup>	48 <sup>2</sup>	\$36,831,539	\$18,310,078
– Amounts management disagreed to put to better use	5	\$1,822,140	\$0
No management decision at end of period	20	\$8,997,834	\$2,377,918

<sup>1</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

<sup>2</sup> Two audit reports were not resolved during this reporting period because management has agreed with some, but not all, of the questioned costs in the audits.

### Audits Involving Recommendations for Management Improvements

Audit Reports	Number of of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	29	61
Issued during period	117	454
Needing management decision during period	146	515
Management decisions made during period:		
– Amounts management agreed to put to better use <sup>1</sup>	117 <sup>2</sup>	430
– Amounts management disagreed to put to better use	0	0
No management decision at end of period	31	85

<sup>1</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

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

## Audit Follow-Up

### OMB Circular A-50

Office of Management and Budget (OMB) Circular A-50, *Audit Follow-Up*, requires audit reports to be resolved within six months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2004, the OIG had closed 130 audit reports and was monitoring the resolution process of 448 open audit reports.

## Unresolved Audits

### Audits Over Six Months Old Without Management Decisions

As of March 31, 2004, the following audits had no management decision or were in disagreement:

- ◆ COPS Grants to Albuquerque, New Mexico, Police Department
- ◆ COPS Grants to American University
- ◆ COPS Grants to AMTRAK Police Department
- ◆ COPS Grants to Baltimore County, Maryland, Police Department
- ◆ COPS Grants to Chicago, Illinois, Police Department
- ◆ COPS Grants to the City of Camden, New Jersey, Police Department
- ◆ COPS Grants to the City of Chesapeake, Virginia, Police Department
- ◆ COPS Grants to Dona Ana County, New Mexico, Sheriff's Department
- ◆ COPS Grants to Henrico County, Virginia, Division of Police
- ◆ COPS Grants to Merced County, California, Sheriff's Office

- ◆ COPS Grants to Milpitas, California, Police Department
- ◆ COPS Grants to Picuris Pueblo, New Mexico, Police Department
- ◆ COPS Grants to Prince William County, Virginia, Police Department
- ◆ COPS Grants to Suffolk County, Virginia, Police Department
- ◆ COPS Grants to Tampa, Florida, Police Department
- ◆ COPS Grants to Texas Tech University Police Department, Lubbock, Texas
- ◆ U.S. Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Government of Guam

## Evaluation and Inspections Statistics

The chart below summarizes the Evaluation and Inspections Division's accomplishments for the six-month reporting period ending March 31, 2004.

E&I Workload Accomplishments	Number of Reviews
Reviews active at beginning of period	6
Reviews initiated	6
Final reports issued	5
Reviews active at end of reporting period	7

## Unresolved Inspections

DOJ Order 2900.10, *Follow-Up and Resolution Policy for Inspection Recommendations by the OIG*, requires reports to be resolved within six months of the report issuance date. As of March 31, 2004, there were no unresolved recommendations.

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the six-month period ending March 31, 2004.

<b>Source of Allegations</b>	
Hotline (telephone and mail)	682
Other sources <sup>1</sup>	3,040
Total allegations received	3,722
<b>Investigative Caseload</b>	
Investigations opened this period	219
Investigations closed this period	219
Investigations in progress as of 3/31/04	477
<b>Prosecutive Actions</b>	
Criminal indictments/Informations	41
Arrests	48
Convictions/Pleas	52
<b>Administrative Actions</b>	
Terminations	14
Resignations	46
Disciplinary action	6
<b>Monetary Results</b>	
Fines/Restitutions/Recoveries	\$1,426,452
Seizures	\$200
Bribe monies deposited to the Treasury	\$1,100
Civil penalties	\$0

<sup>1</sup> "Other" includes 18 inquiries initiated by the OIG, 1,499 received from other agencies, 62 received from individuals in person, and 1,461 received in other ways.

## Integrity Awareness Briefings

OIG investigators conducted 124 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 5,990 employees.



# Appendix 1

## AUDIT DIVISION REPORTS

**October 1, 2003 – March 31, 2004**

### INTERNAL AND EXTERNAL AUDIT REPORTS

Budget Execution in the United States Marshals Service During Fiscal Years 2002 and 2003

Bureau of Alcohol, Tobacco, Firearms and Explosives' Headquarters Network Infrastructure Pursuant to the Federal Information Security Management Act for Fiscal Year 2003

COPS Grant to the City of Benavides, Texas, Police Department

COPS Grant to the DeKalb County, Georgia, School System

COPS Grant to the Savannah-Chatham County, Georgia, School Police Department

COPS Grants to the Municipality of San Juan, Puerto Rico, Police Department

COPS Methamphetamine Initiative Grants Administered by the Kansas Bureau of Investigation, Topeka, Kansas

Department Critical Infrastructure Protection Implementing Plans to Protect Cyber-Based Infrastructure

Drug Enforcement Administration's Merlin System Pursuant to the Federal Information Security Management Act for Fiscal Year 2003

Federal Bureau of Investigation Headquarters' Information Systems Control Environment for Fiscal Year 2002

Federal Bureau of Investigation's Crisis Response Unit Communications System Pursuant to the Federal Information Security Management Act for Fiscal Year 2003

Federal Bureau of Investigation's Efforts to Improve the Sharing of Intelligence and Other Information

Federal Bureau of Investigation's Legal Attaché Program

Federal Bureau of Investigation's Tactical Operations Unit Network Pursuant to the Federal Information Security Management Act for Fiscal Year 2003

Federal Bureau of Prisons Inmate Release Preparation and Transitional Reentry Programs

Follow-Up Audit of the Drug Enforcement Administration's Laboratory Operations

Immigration and Naturalization Service Expenditures Charged to the Organized Crime Drug Enforcement Task Forces Program for Fiscal Years 1997 – 2002

Implementation of the Communications Assistance for Law Enforcement Act by the Federal Bureau of Investigation

OJP Antiterrorism and Emergency Assistance Program Grants Awarded to the Colorado Division of Criminal Justice, Denver, Colorado

OJP Bureau of Justice Assistance Training and Technical Assistance Provisions for Community Prosecution Grantees Administered by the American Prosecutors' Research Institute, Alexandria, Virginia

OJP Bureau of Justice Assistance Court Information Systems Automation and Integration Project Grant Awarded to SEARCH Group, Inc., Sacramento, California

OJP Drug Court Training and Technical Assistance Program Cooperative Agreement Awarded to the National Council of Juvenile and Family Court Judges, Reno, Nevada

OJP Grant Administered by Suffolk University, Boston, Massachusetts

OJP Grants Administered by the National American Indian Court Judges Association, National Tribal Justice Resource Center, Boulder, Colorado

OJP Grants to Encourage Arrest Policies and Enforcement Protection Orders Administered by Dane County, Wisconsin

OJP Grants to Turtle Mountain Band of Chippewa Indians, Belcourt, North Dakota

OJP Inter-Tribal Integrated Justice Pilot Project Grant Awarded to the University of Arkansas, Criminal Justice Institute, National Center for Rural Law Enforcement, Little Rock, Arkansas

OJP Juvenile Accountability Incentive Block Grant Training and Technical Assistance Program Cooperative Agreement Awarded to the Development Services Group, Inc., Bethesda, Maryland

OJP Missing Children's Assistance Award Administered by the Fox Valley Technical College, Appleton, Wisconsin (98-MC-CX-K010)

OJP Missing Children's Assistance Award Administered by the Fox Valley Technical College, Appleton, Wisconsin (98-MC-CX-K003)

OJP No Suspect Casework DNA Backlog Reduction Program Grant to the State of Ohio Bureau of Criminal Identification and Investigation, London, Ohio

OJP Office of Juvenile Justice and Delinquency Prevention Education Project Grant Awarded to the Constitutional Rights Foundation, Los Angeles, California

OJP Office of Juvenile Justice and Delinquency Prevention Juvenile Restitution Initiative Balanced and Restorative Justice Project Awarded to the Florida Atlantic University, Boca Raton, Florida

OJP Office of Juvenile Justice and Delinquency Prevention Missing Children's Assistance Grant Administered by the National Center for Missing and Exploited Children, Alexandria, Virginia

OJP Office of Juvenile Justice and Delinquency Prevention National K-12 Substance Abuse Prevention and Violence Avoidance Project Grant Awarded to D.A.R.E. America, Inglewood, California

OJP Office of Juvenile Justice and Delinquency Prevention National Training and Technical Assistance Project Grant Awarded to the National Court Appointed Special Advocate Association, Seattle, Washington

OJP Office of Juvenile Justice and Delinquency Prevention Spokane Safe Start Grant Awarded to Washington State University, Pullman, Washington

OJP Office of Juvenile Justice and Delinquency Prevention TeenSupreme Career Prep Program Grant Awarded to the Boys and Girls Club of America, Inc.

OJP Ready, Willing, and Able Criminal Justice Grant Administered by the Doe Fund, Inc., New York, New York

OJP School Violence Resource Center Grant Awarded to the University of Arkansas, Criminal Justice Institute, National Center for Rural Law Enforcement, Little Rock, Arkansas

OJP Strategic Information Technology Center Project Grant Awarded to the University of Arkansas, Criminal Justice Institute, National Center for Rural Law Enforcement, Little Rock, Arkansas

OJP Training and Technical Assistance Cooperative Agreement to the Fund for the City of New York, New York

OJP Western Regional Children's Advocacy Center Cooperative Agreement Awarded to the Children's Advocacy Center for the Pikes Peak Region, Inc., Colorado Springs, Colorado

Payments to Vendors by the United States Attorneys' Offices

Prompt Payment Act Interest Penalties Paid by the Department of Justice During Fiscal Years 2002 and 2003

U.S. Department of Justice Annual Financial Statement for Fiscal Year 2003

United States Marshals Service's Prisoner Medical Care

United States Marshals Service's Warrant Information Network Pursuant to the Federal Information Security Management Act for Fiscal Year 2003

Use of Equitable Sharing Revenues by the New Braunfels, Texas, Police Department

#### **SINGLE AUDIT ACT REPORTS OF DEPARTMENT OF JUSTICE ACTIVITIES**

American Registry of Pathology

Analytic Services, Inc.

Andrew County, Missouri

Borough of Shoemakersville, Berks County, Pennsylvania

Boys and Girls Club of Boston, Inc.

Brown County, South Dakota

C.C.E. Central Dispatch Authority

Caring Unlimited, Inc.

Chaves County, New Mexico

Cherokee County, South Carolina

City and County of Denver, Colorado

City of Asbury Park, County of Monmouth, New Jersey

City of Augusta, Georgia

City of Aurora, Colorado

City of Baltimore, Maryland

City of Bellevue, Washington

City of Chester, Delaware County, Pennsylvania

City of Columbia, South Carolina

City of Dallas, Texas

City of Douglasville, Georgia

City of Durham, North Carolina

City of East St. Louis, Illinois

City of El Paso, Texas

City of Kansas City, Missouri

City of Lawrence, Massachusetts

City of Lenexa, Kansas

City of Little Rock, Arkansas

City of Livonia, Michigan

City of Louisville, Kentucky

City of Marion, South Carolina

City of Medford, Massachusetts

City of Miami Beach, Florida

City of Moline, Illinois

City of Pritchard, Alabama

City of South Sioux City, Nebraska

City of Valley, Alabama

Clay County, Iowa

Clinton County, Missouri

Commonwealth of Puerto Rico, Administration of Corrections

Commonwealth of Puerto Rico, Office of Youth Affairs

Commonwealth of Puerto Rico, Puerto Rico Police Department, Fiscal Year 2000

Commonwealth of Puerto Rico, Puerto Rico Police Department, Fiscal Year 2001

Commonwealth of Puerto Rico, Puerto Rico Police Department, Fiscal Year 2002

County of Livingston, New York	Oglala Sioux Tribal Department of Public Safety, South Dakota
County of San Bernardino, California	Praxis International
Department of Human Services, Arkansas	Puerto Rico Department of Justice
Florida Council Against Sexual Violence, Inc.	Rape and Domestic Violence Information Center, Inc.
FN Manufacturing, Inc., Fiscal Year 2001	Sac and Fox Nation of Missouri
FN Manufacturing, Inc., Fiscal Year 2002	South Dakota Coalition Against Domestic Violence and Sexual Assault
Government of the District of Columbia	State of Alabama
Howard University	State of Arkansas
Independent School District, Chisholm, Minnesota	State of Illinois
International Association of Fire Fighters	State of New Mexico, City of Rio Rancho
Kanawha County, West Virginia	State of New Mexico, Taos County
Lasting Impressions Child Development Center, Inc.	State of New Mexico, Valencia County
Livingston County, Missouri	State of Wisconsin
Marion County, Indiana	Stoddard County, Missouri
Miami Township, Clermont County, Ohio	Table Mountain Rancheria Band of Indians
Montgomery County, Indiana	The City of New Orleans, Louisiana
Morning Star House, Inc., New Mexico	The Hopi Tribe, Arizona
MST Institute, Inc.	Three Affiliated Tribes, North Dakota
National Academy of Sciences	Town of Manchester, Connecticut
National American Indian Court Judges Association, Colorado	Town of North Reading, Massachusetts
National Center for Victims of Crime	Town of Riverhead, New York
National Children's Alliance	Township of Mehlenberg, Berks County, Pennsylvania
National Crime Prevention Council	Unified Government of Wyandotte County, Kansas
National Educational and Economic Development, Inc.	University of Arkansas for Medical Sciences
National Forensic Science Technology Center, Inc.	West Virginia Legal Services Plan, Inc.
Nevada Business Services, Inc.	White Buffalo Calf Woman's Society, Inc., South Dakota
North Harris Montgomery Community College District, Houston, Texas	Wiconi Wawakiya, Inc., South Dakota

## AUDIT DIVISION REPORTS

October 1, 2003 – March 31, 2004

### Quantifiable Potential Monetary Benefits

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
Boys and Girls Club of Boston, Inc.	\$284	\$284	
Brown County, South Dakota	\$21,733	\$21,733	
City of Bellevue, Washington	\$293,083		
City of East St. Louis, Illinois	\$92,050	\$92,050	
City of El Paso, Texas	\$133,046		
City of Kansas City, Missouri	\$32,000		
City of Louisville, Kentucky	\$199,950		
City of Pritchard, Alabama	\$916		
City of Valley, Alabama	\$10,793		
Commonwealth of Puerto Rico, Administration of Corrections	\$11,900		
Commonwealth of Puerto Rico, Puerto Rico Police Department, Fiscal Year 2000	\$87,608		
COPS Grant to the City of Benavides, Texas, Police Department	\$603	\$603	\$20,816
COPS Grant to the DeKalb County, Georgia, School System	\$2,986		
COPS Grants to the Municipality of San Juan, Puerto Rico, Police Department	\$6,990,513	\$5,266,458	\$296,230
COPS Methamphetamine Initiative Grants Administered by the Kansas Bureau of Investigation, Topeka, Kansas	\$198,874		
FN Manufacturing, Inc., Fiscal Year 2001	\$40,803		
FN Manufacturing, Inc., Fiscal Year 2002	\$24,248		
Government of the District of Columbia	\$18,106		
Immigration and Naturalization Service Expenditures Charged to the Organized Crime Drug Enforcement Task Forces Program for Fiscal Years 1997 – 2002	\$6,673,751	\$3,590,969	
Independent School District, Chisholm, Minnesota	\$12,000		
Marion County, Indiana	\$582,147		
Miami Township, Clermont County, Ohio	\$29,250		
Montgomery County, Indiana	\$89,322		
Morning Star House, Inc., New Mexico	\$12,499	\$12,499	

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
National Center for Victims of Crime	\$40,755		
National Forensic Science Technology Center, Inc.	\$64,749		
Nevada Business Services, Inc.	\$166,000		
OJP Antiterrorism and Emergency Assistance Program Grants Awarded to the Colorado Division of Criminal Justice, Denver, Colorado	\$204,101	\$202,960	
OJP Bureau of Justice Assistance Court Information Systems Automation and Integration Project Grant Awarded to SEARCH Group, Inc., Sacramento, California	\$29,602	\$25,000	
OJP Grant Administered by Suffolk University, Boston, Massachusetts	\$25,279	\$9,691	\$68,905
OJP Grants Administered by the National American Indian Court Judges Association, Tribal Courts Technical Assistance Grant to the National Tribal Justice Resource Center, Boulder, Colorado	\$31,921	\$3,439	
OJP Grants to Encourage Arrest Policies and Enforcement Protection Orders Administered by Dane County, Wisconsin	\$1,766,964	\$1,603,298	\$4,182
OJP Grants to Turtle Mountain Band of Chippewa Indians, Belcourt, North Dakota	\$604,806	\$399,555	
OJP Missing Children's Assistance Award Administered by the Fox Valley Technical College, Appleton, Wisconsin	\$777,090	\$629,627	
OJP Missing Children's Assistance Award Administered by the Fox Valley Technical College, Appleton, Wisconsin	\$15,768		
OJP No Suspect Casework DNA Backlog Reduction Program Grant Awarded to the State of Ohio Bureau of Criminal Identification and Investigation, London, Ohio	\$106,775	\$83,107	
OJP Office of Juvenile Justice and Delinquency Prevention Juvenile Restitution Initiative Balanced and Restorative Justice Project Awarded to the Florida Atlantic University, Boca Raton, Florida	\$199,221	\$199,221	\$20,419
OJP Office of Juvenile Justice and Delinquency Prevention National K-12 Substance Abuse Prevention and Violence Avoidance Project Grant Awarded to D.A.R.E. America, Inglewood, California	\$17,230	\$17,230	
OJP Office of Juvenile Justice and Delinquency Prevention TeenSupreme Career Prep Program Grant Awarded to the Boys and Girls Clubs of America, Inc.	\$437,885	\$362,434	
OJP Ready, Willing, and Able Criminal Justice Grant Administered by the Doe Fund, Inc., New York, New York	\$24,832	\$24,832	

October 1, 2003–March 31, 2004



<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
OJP Western Regional Children's Advocacy Center Cooperative Agreement Awarded to the Children's Advocacy Center for the Pikes Peak Region, Inc., Colorado Springs, Colorado	\$17,975		
Oglala Sioux Tribal Department of Public Safety, South Dakota	\$796,695	\$796,695	
Sac and Fox Nation of Missouri	\$64,954	\$64,954	
State of Alabama	\$969		
State of New Mexico, Valencia County	\$274,936		
State of Wisconsin	\$149,784		
Table Mountain Rancheria Band of Indians	\$222,546		
Three Affiliated Tribes, North Dakota	\$401,319	\$401,319	
Unified Government of Wyandotte County, Kansas	\$19,701	\$19,701	
United States Marshals Service's Prisoner Medical Care	\$7,211,411		\$1,000,000
University of Arkansas for Medical Sciences	\$27,164		
<b>Total</b>	<b>\$29,258,897</b>	<b>\$13,827,659</b>	<b>\$1,410,552</b>

# Appendix 2

## EVALUATION AND INSPECTIONS DIVISION REPORTS

### October 1, 2003 – March 31, 2004

IDENT/IAFIS: The Batres Case and the Status of the Integration Project

Review of the Critical Incident Response Plans of the United States Attorneys' Offices

Review of the Drug Enforcement Administration's Disciplinary System

Review of the Drug Enforcement Administration's Custodial Accountability for Evidence Held at the Field Divisions

Review of the United States Marshals Service Judicial Security Process

## Appendix 3

### GLOSSARY OF TERMS

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

**Alien:** Any person who is not a citizen or national of the United States.

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

**Information:** Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

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

**Material Weakness:** A failure in a system of control or a lack of control determined by the agency head to be important enough to be reported to the President and Congress. A weakness of this type could significantly impair fulfillment of an agency's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest.

**Qualified Opinion:** The judgment by the certified public accountant in an audit report that "except for" something, the financial statements fairly present the financial position and operating results of the entity.

**Questioned Cost:** A cost that is questioned by the OIG because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

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

**Reportable Condition:** Includes matters coming to the auditor's attention that, in the auditor's judgment, should be communicated because they represent significant deficiencies in the design or operation of internal controls that could adversely affect the entity's ability to properly report financial data.

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

**Unqualified Opinion:** The judgment of the certified public accountant who has no reservation as to the fairness of the entity's financial statements.

**Unsupported Cost:** A cost that is questioned by the OIG because the OIG found, at the time of the audit, the cost was not supported by adequate documentation.

# Appendix 4

## ACRONYMS AND ABBREVIATIONS

The following are acronyms and abbreviations widely used in the report:

<b>ATF</b>	Bureau of Alcohol, Tobacco, Firearms and Explosives
<b>BOP</b>	Federal Bureau of Prisons
<b>COPS</b>	Office of Community Oriented Policing Services
<b>DEA</b>	Drug Enforcement Administration
<b>Department</b>	U.S. Department of Justice
<b>DHS</b>	Department of Homeland Security
<b>EOUSA</b>	Executive Office for U.S. Attorneys
<b>FBI</b>	Federal Bureau of Investigation
<b>FY</b>	Fiscal year
<b>IG Act</b>	<i>Inspector General Act of 1978, as amended</i>
<b>IT</b>	Information technology
<b>JMD</b>	Justice Management Division
<b>MDC</b>	Metropolitan Detention Center
<b>OIG</b>	Office of the Inspector General
<b>OJP</b>	Office of Justice Programs
<b>OMB</b>	Office of Management and Budget
<b>OPR</b>	Office of Professional Responsibility
<b>USAO</b>	U.S. Attorney's Office
<b>USMS</b>	U.S. Marshals Service

## Appendix 5

### Reporting Requirements Index

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

<b>IG Act References</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation and Regulations	35
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7–34
Section 5(a)(2)	Significant Recommendations for Corrective Actions	7–32
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	38
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	12, 18–19, 23, 26, 30, 32
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	40–46
Section 5(a)(7)	Summary of Significant Reports	7–32
Section 5(a)(8)	Audit Reports – Questioned Costs	37
Section 5(a)(9)	Audit Reports – Funds to Be Put to Better Use	36
Section 5(a)(10)	Prior Audit Reports Unresolved	38
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions With Which the OIG Disagreed	None

## **Report Waste, Fraud, Abuse, or Misconduct**

To report allegations of waste, fraud, abuse, or misconduct in  
Department of Justice programs, send complaints to:

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

Investigations Division  
950 Pennsylvania Avenue, NW  
Room 4322  
Washington, DC 20530

**E-mail:** [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov)

**Hotline:** (800) 869-4499

**Hotline fax:** (202) 616-9898

## **Report Violations of Civil Rights and Civil Liberties**

Individuals who believe that a Department of Justice  
employee has violated their civil rights or civil liberties  
may send complaints to:

**Civil Rights & Civil Liberties Complaints  
Office of the Inspector General**

U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Room 4322  
Washington, DC 20530

**E-mail:** [inspector.general@usdoj.gov](mailto:inspector.general@usdoj.gov)

**Hotline:** (800) 869-4499

**Hotline fax:** (202) 616-9898



## **On-Line Report Availability**

Many audit, evaluation and inspection, and special reports are available at [www.usdoj.gov/oig](http://www.usdoj.gov/oig)

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1425 New York Avenue, NW  
Suite 7000  
Washington, DC 20530

Or call: (202) 616-4550

Department of Justice  
Office of the Inspector General

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