

Office of the Inspector General

Semiannual Report to Congress



October 1, 2002–March 31, 2003



U.S. Department of Justice

Office of the Inspector General

Message from the Inspector General

During this reporting period, the Office of the Inspector General (OIG) has completed many reviews related to critical Department of Justice (Department) priorities, including counterterrorism, border security, financial management, and computer security. In this regard, the OIG developed its annual list of top management challenges in the Department and focused many of its resources on addressing these challenges.

In March 2003, the Immigration and Naturalization Service (INS) moved to the new Department of Homeland Security (DHS). To assist with this transfer, the OIG developed a separate list of top management challenges in the INS. In addition, the OIG concluded a series of reviews in the INS that examined issues ranging from the status of an INS system for tracking foreign students in the United States to the INS's success at removing aliens issued final orders of removal.

Also during this reporting period, the law enforcement components of the Bureau of Alcohol, Tobacco and Firearms (ATF) – formerly part of the Department of the Treasury – transferred to the Department of Justice. As a result of this transfer and the INS's move to DHS, the OIG is reorganizing its field office structure to reflect the changes in our oversight responsibilities.

The OIG continued its wide-ranging oversight in the Federal Bureau of Investigation (FBI) by completing reviews on diverse FBI issues such as the FBI's management of its information technology investments and allegations of a double standard of discipline. In addition, we completed many audits and reviews in other Department components. For example, during this period we issued reviews of the Department's drug demand reduction activities and the Federal Bureau of Prisons' (BOP) efforts to stem the flow of illegal drugs into federal prisons.

For the first time, we report our oversight activities organized by Department component rather than by OIG division. We believe this format will describe in a more useful fashion the range of OIG activities throughout the Department.

During this reporting period, Congress codified the OIG's authority to investigate allegations of misconduct throughout the Department, including in the FBI and Drug Enforcement Administration (DEA). This action embodies in statute an administrative action taken by the Attorney General in July 2001.

In all of our audits, inspections, investigations, and special reviews, we strive to improve the efficiency and integrity of Department programs and practices. We appreciate the continued support of the Attorney General and Congress in this effort.

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

Glenn A. Fine
Inspector General
April 30, 2003

Table of Contents

Highlights of OIG Activities	1
OIG Profile	4
Top Management Challenges	6
The Federal Bureau of Investigation	7
The Immigration and Naturalization Service	12
The Drug Enforcement Administration	19
The Federal Bureau of Prisons	21
Other Department Components	23
U.S. Marshals Service	23
U.S. Attorneys' Offices	24
Multicomponent Audits, Reviews, and Investigations	25
Congressional Testimony	33
Legislation and Regulations	33
Statistical Information	34
Audit Statistics	34
Funds Recommended for Better Use	34
Questioned Costs	35
Management Improvements	36
Evaluation and Inspections Statistics	36
Evaluation and Inspections Workload	36
Investigations Statistics	37
Source of Allegations	37
Investigative Caseload	37
Prosecutive Actions	37
Administrative Actions	37
Monetary Results	37

Appendices

Audit Division Reports	38
Glossary of Terms	44
Acronyms and Abbreviations	46
Reporting Requirements Index	47

Highlights of OIG Activities

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, 2002 – March 31, 2003

Allegations Received by the Investigations Division	5,413
Investigations Opened	255
Investigations Closed	354
Arrests	108
Indictments/Informations	74
Convictions/Pleas	75
Administrative Actions	54
Fines/Restitutions/Recoveries	\$429,081
Audit Reports Issued	129
Questioned Costs	\$25 million
Funds Put To Better Use	\$14 million
Recommendations for Management Improvements	380

Federal Bureau of Investigation

This semiannual report describes completed reviews of critical FBI programs and investigations of allegations of misconduct. Examples of reviews discussed in this report include:

- ◆ **Allegations of a Double Standard of Discipline in the FBI.** The OIG examined complaints that the FBI's disciplinary system treated senior managers more leniently than lower-level employees. We concluded that the FBI suffers from a strong, and not unreasonable, perception among its employees that a double standard of discipline exists within the FBI.
- ◆ **New Agent Training Program.** At the request of the FBI director, the OIG evaluated the FBI's new agent training program and the operation of the New Agent Review Board (NARB), a group that reviews whether new agent trainees should be dismissed from the training academy. The OIG identified weaknesses in the new agent training program and made several recommendations for improvement.

Immigration and Naturalization Service

On March 1, 2003, the INS was transferred to the newly created DHS. During this reporting period, the final one in which the OIG had oversight of the INS, we issued several important reports and conducted a wide range of investigations. Examples of reviews discussed in this report include:

- ◆ **Status of Foreign Student Tracking System.** The OIG examined the INS's implementation of the Student and Exchange Visitor Information System (SEVIS), a system for tracking foreign students studying in the United States. We found that although the INS had made significant progress in implementing SEVIS, it had not fully implemented SEVIS by January 1, 2003, the congressionally mandated deadline.
- ◆ **Removal of Aliens Issued Final Orders.** This review found that the INS remained unsuccessful at removing from the United States nondetained aliens issued final orders of removal (removing only 13 percent).

- ◆ **INS Airport Inspection Facilities.** This review examined INS airport inspection facilities and found that they were deficient and vulnerable to illegal entries and escapes.
- ◆ **INS Premium Processing Program.** This review evaluated the INS's premium processing program, which allows certain employment-based applications to be processed more expeditiously for an increased fee. Our review found that the program has increased the time required to adjudicate routine applications and petitions.

Other Department Components

The OIG conducted many audits, inspections, investigations, and special reviews in other Department components, including the BOP, DEA, and U.S. Marshals Service (USMS), as well as several reviews that spanned more than one component. Examples of reviews discussed in this report include:

- ◆ **BOP's Drug Interdiction Activities.** This review evaluated the BOP's efforts to reduce drugs in its institutions. We identified inmate visitors, staff, and mail as the primary entry points for drugs in BOP facilities. Our report made various recommendations to improve the BOP's drug interdiction efforts.
- ◆ **Department Demand Reduction Activities.** The OIG found that the Department had overstated its demand reduction activities by millions of dollars. This review also determined that the DEA spent only \$3 million, or 0.2 percent, of its total yearly budget on drug demand reduction activities.
- ◆ **Computer Security Audits.** The OIG continued its audits of the Department's computer security practices. We reviewed three classified systems and five sensitive but unclassified (SBU) systems. Our reviews found the Department has made progress, although continued vulnerabilities in management, operational, and technical controls need to be addressed.
- ◆ **Grant Audits.** The OIG continues to audit Department grants and contracts, including Office of Community Oriented Policing Services (COPS) grants and Intergovernmental Service Agreements (IGA) for detention space. Our audits found millions of dollars in questioned costs or funds that could be put to better use.

Investigations of Misconduct

As shown by the statistics in the table above, the OIG investigates hundreds of allegations of misconduct. Examples of substantiated cases discussed in this report include:

- ◆ Two INS contract employees were arrested for shredding applications that had been filed with the INS. The contract employees were alleged to have shredded the documents in order to reduce application backlogs at the INS California Service Center in Laguna Niguel, California.
- ◆ The OIG investigated allegations of travel voucher abuse by Border Patrol agents detailed to Tucson, Arizona. We found that some Border Patrol agents falsified the amount of rent they paid, accepted amenities or cash rebates from lodging providers without reducing their claims for reimbursement, improperly rented rooms to subordinate agents, and falsified receipts.
- ◆ An FBI crime scene photographer was arrested for stealing FBI supplies and equipment and selling them over the Internet.
- ◆ Several BOP employees were arrested for introducing drugs into BOP facilities.
- ◆ A BOP officer pled guilty for lying about having sexual relationships with several BOP inmates.
- ◆ A DEA employee was arrested after he attempted to rob a drug dealer.
- ◆ A BOP inmate was charged with false statements after he attempted to obtain compensation from the September 11th Fund by falsely claiming that his wife had been killed at the World Trade Center in the September 11, 2001, terrorist attacks.

Ongoing Reviews

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

- ◆ The treatment of September 11 detainees held on immigration charges in connection with the investigation of the terrorist attacks.
- ◆ The FBI's handling of intelligence information prior to the September 11 attacks.
- ◆ The DEA's use of confidential informants.
- ◆ The status of efforts to integrate the FBI's and INS's fingerprint identification systems.
- ◆ U.S. Attorneys' Offices' (USAOs) critical incident response plans.

OIG Profile

The OIG is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in Department programs and personnel and to promote economy and efficiency in Department operations. The Inspector General (IG), who is appointed by the President subject to Senate confirmation, reports to the Attorney General and Congress.

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 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. The Financial Statement Audit Office and Computer Security and Information Technology Audit Office also are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General (AIG) 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 that govern Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Tucson, and Washington, D.C. (the Washington Field Office and Fraud Detection Office), and smaller, area

offices in Atlanta, Boston, Colorado Springs, Dallas, Detroit, El Centro, Houston, Philadelphia, and Seattle. Investigations Headquarters in Washington, D.C., consists of the immediate office of the AIG and the following branches: Operations, Special Operations, Investigative Support, and Policy and Administration.

- ◆ **Evaluation and Inspections Division** provides an alternative mechanism to traditional audits and investigations to review Department programs and activities.
- ◆ **Office of Oversight and Review** blends the skills of attorneys, investigators, and program analysts to investigate or review sensitive matters involving Department programs or employees.
- ◆ **Management and Planning Division** assists the OIG by providing services in the areas of planning, budget, finance, quality assurance, personnel, training, procurement, automated data processing, and computer network communications.
- ◆ **Office of General Counsel** provides legal advice to OIG management and staff. In addition, the office 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 jurisdiction to review programs and personnel in all Department components, including the FBI, DEA, BOP, USMS, INS (through February 28, 2003), ATF (effective January 24, 2003), USAOs, and all other Department organizations.

The OIG carried out its mission during this reporting period with a nationwide workforce of approximately 395 special agents, auditors, inspectors, attorneys, and support staff. For fiscal year (FY) 2003, the OIG's direct appropriation is \$57.937 million and the OIG expects to earn an additional \$3.511 million in reimbursements.

This *Semiannual Report to Congress* (Report) reviews the accomplishments of the OIG for the 6-month period ending March 31, 2003. As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Report is submitted no later than April 30, 2003, to the Attorney General for his review. No later than May 31, 2003, the Attorney General is required to forward the Report to Congress along with his *Semiannual Management Report to Congress*, which presents the Department's position on audit resolution and follow-up activity discussed in the Report.

Information about the OIG and full-text versions of many of its reports are available on the OIG's website at www.usdoj.gov/oig.



Audit and Investigations Divisions Locations as of March 31, 2003

- Audit and Investigations Divisions Location
- Audit Division Location Only
- Investigations Division Location Only

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*. Because of the INS's transfer from the Department to the DHS, we did not include INS programs in this year's list of top management challenges facing the Department. Instead, the OIG developed a separate list of top management challenges facing the INS. (See the INS section of this Report.)

While the top management challenges are not listed in order of seriousness, it is clear to us that the top challenge facing the Department is its ongoing response to the threat of terrorism. This year, in addition to updating management challenges that have appeared on the OIG list in previous years, we added two new challenges – "Human Capital" and "Procurement."

Detailed information about this list and an overview of the OIG's efforts to assist the Department in developing strategies to address these management challenges can be found on the OIG's website at www.usdoj.gov/oig/challenges.htm.

Top Management Challenges in the Department of Justice – 2002

1. Counterterrorism
2. Sharing of Intelligence and Law Enforcement Information
3. Computer Systems Security
4. Information Systems Planning and Implementation
5. Procurement
6. Financial Statements and Systems
7. Grant Management
8. Performance-Based Management
9. Human Capital
10. Department of Justice Reorganization

The Federal Bureau of Investigation

The FBI is the principal investigative arm of the Department with authority to investigate federal criminal violations that have not been specifically assigned by Congress to another federal agency. The FBI's investigative jurisdiction encompasses more than 200 federal laws, including civil rights, counterterrorism, foreign counterintelligence, organized crime, violent crime, and financial crime. FBI headquarters in Washington, D.C., coordinates the activities of 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. The FBI has approximately 27,800 employees: 11,400 special agents and more than 16,400 employees who perform professional, administrative, technical, or clerical operations.

During this reporting period, the OIG continued to conduct aggressive oversight of FBI programs and personnel using the resources of the OIG's staff of auditors, inspectors, investigators, and attorneys.

Reports Issued

The FBI's Management of IT Investments

The OIG issued an audit report that reviewed the FBI's management of IT investments. We examined the FBI's efforts in developing enterprise architecture and project management functions. We also assessed Trilogy, the FBI's largest IT infrastructure and office automation project, to determine how IT management practices affected the project's progress. In addition, we assessed the FBI's IT-related strategic planning and performance measurement activities.

We concluded that the FBI had not effectively managed its IT investments because it did not fully implement the management processes asso-

ciated with successful IT investments. We found that the FBI did not have fully functioning IT investment boards engaged in all phases of IT investment management and did not follow a disciplined process of tracking and overseeing each project's cost and schedule milestones. The FBI failed to document a complete inventory of existing IT systems and projects and did not consistently identify the business needs for each IT project. In addition, the FBI did not have a fully established process for selecting new IT project proposals.

Because it had not fully implemented the critical processes associated with effective IT investment management, the FBI continued to spend hundreds of millions of dollars on IT projects without adequate assurance that these projects would meet intended goals. For example, when examining Trilogy, we found that the lack of critical IT investment management processes contributed to missed milestones and led to uncertainties about cost, schedule, and technical goals. We also concluded that the FBI's IT strategic planning and IT performance measurement were inadequate, the FBI's strategic plan did not include goals for IT investment management, and its strategic and performance plans were not consistent with the Department's performance plan.

FBI management recognized that its past methods to manage IT projects were deficient and recently committed to changing those practices. Nonetheless, we concluded that the FBI must take further actions to ensure that it can implement the fundamental processes necessary to build an IT investment foundation, as well as the more mature processes associated with highly effective IT investment management. These actions include (1) fully developing and documenting its new IT investment management process, (2) requiring increased participation

from IT program managers and users, and (3) further developing project management and enterprise architecture functions. We made 30 recommendations, including:

- ◆ Ensure that the FBI continues its efforts to establish a comprehensive enterprise architecture that is integrated with the IT investment management (ITIM) process.
- ◆ Ensure that members of IT investment boards and other ITIM users receive sufficient training to execute assigned responsibilities effectively.
- ◆ Ensure that official project management guidance is used for all IT projects through management oversight from the IT investment review boards.
- ◆ Ensure that a complete IT asset inventory is developed, and information from the IT asset inventory is made available to, and used by, the IT investment review boards as necessary.
- ◆ Ensure that the policies and procedures of the ITIM process are expanded, documented, and made available to ITIM users.

Allegations of a Double Standard of Discipline in the FBI

The OIG examined complaints by various FBI employees that the FBI's system of employee discipline for misconduct was unfair because FBI senior managers were treated more leniently than lower-level employees. As part of our investigation, we reviewed the disciplinary decisions made in several cases, including "Ruby Ridge" and "Potts retirement party," two well-known cases that generated significant controversy inside and outside the FBI about the discipline imposed on FBI employees.

We concluded that the FBI suffers from a strong, and not unreasonable, perception among employees that a double standard of discipline exists within the FBI. This perception was fostered in large part by the existence of a dual system of discipline that existed prior to August 2000 in which disciplinary decisions for Senior Executive Service (SES) members were made only by other SES members. Our review also found several troubling cases in which the disci-

pline imposed for SES employees appeared unduly lenient and less severe than discipline in similar cases involving non-SES employees.

Revisions to the disciplinary system in August 2000, which abolished the separate SES disciplinary process, will correct some of the problems with the system. We also believe that the Attorney General's decision in July 2001 to expand the jurisdiction of the OIG to investigate misconduct in the FBI will help ensure that misconduct by high-level officials is not treated more leniently than misconduct by other employees. The OIG now investigates most allegations of misconduct against senior FBI officials.

The report concluded that several additional issues should be considered by the FBI and Congress to further reduce the reality or the perception of a double standard of discipline in the FBI. The OIG made 11 recommendations to assist the FBI in this regard.

Evaluation Standards and Practices at the FBI Academy's New Agent Training Program

At the FBI director's request, the OIG examined the evaluation standards and practices used by the FBI's New Agent Training Program and identified a number of weaknesses in the FBI Academy's evaluation standards and practices. Those weaknesses included testing methods in the academic units that appeared to be insufficiently rigorous, inadequate instructional design and overall absence of instructor training, inconsistent and inadequate methodologies for communicating and documenting new agent trainees' performance deficiencies and suitability issues, a failure to distinguish between performance evaluations and "counseling," and inadequate staffing levels.

The FBI director also requested that the OIG review the operation of the New Agent Review Board (NARB), a fact-finding process occasionally used to review recommendations for removal of new agent trainees from the program. We identified a number of concerns about NARBs, such as the grounds for initiating a NARB, the timing and content of the notice to new agent trainees of the decision to convene a NARB, the failure to uniformly require witnesses to link their testimony to the specific deficiency that prompted the NARB,

and the reliance on peer evaluations to assess suitability.

In our review, we made a series of recommendations aimed at clarifying the performance evaluation standards for each instructional unit, distinguishing performance evaluations from counseling, communicating performance concerns or suitability on a more timely basis, and improving instructor training. With respect to the operation of the NARBs, we made recommendations designed to provide new agent trainees with basic elements of notice and opportunity to reply and to enhance the reliability of the NARB's fact-finding function.

Investigations

During this reporting period, the OIG received 362 complaints involving the FBI. The most common allegations made against FBI employees included job performance failure, waste and misuse of government property, and improper release of information. The vast majority of complaints dealt with less serious issues, and the OIG referred these allegations to the FBI Office of Professional Responsibility (OPR).

At the close of the reporting period, the OIG had 54 open cases of alleged misconduct against FBI employees. The criminal investigations cover a wide range of offenses, including theft of government property, improper release of law enforcement information, and improper relationships with informants. The administrative investigations include serious allegations of misconduct, including allegations against high-level employees. Following are some of the cases completed during this reporting period.

- ◆ An FBI crime scene photographer in the Baltimore FBI office was arrested and pled guilty in the District of Maryland to charges of theft of government property. A joint investigation by the Washington Field Office and the FBI revealed that between 1999 and 2002 the photographer stole at least \$83,000 worth of photography supplies and equipment from the FBI and sold them over the Internet. During searches subsequent to the photographer's arrest, investigators recovered additional stolen photography supplies and other equipment, including four ballistic vests and
- ◆ an FBI special agent badge that the photographer had taken while on temporary duty to a different FBI office. Sentencing is pending.
- ◆ The OIG received allegations that an FBI supervisor assigned to the Firearms Training Unit in Quantico, Virginia, arranged for one of the FBI's Thompson submachine guns to be sawed in half and mounted on a plaque that the supervisor presented to former FBI director Louis J. Freeh after his retirement in June 2001. The Washington Field Office investigated whether the supervisor violated FBI and other government rules regarding gifts and the disposal of excess weapons. The OIG concluded that using a government-owned weapon as a gift violated Department and FBI rules against proper disposal of excess government property, FBI rules governing the disposition of surplus or inoperable weapons, ATF guidelines regarding the destruction of Thompson submachine guns, and FBI rules regarding employee recognitions and awards. The OIG recommended that the FBI consider discipline for the supervisor and review the practice of giving weapons as retirement gifts.
- ◆ The OIG investigated allegations that FBI officials retaliated against John Roberts, a unit chief in the FBI's OPR, for comments he made on the television program *60 Minutes* in October 2002. After the broadcast, allegations arose that senior FBI officials, including Robert Jordan, the newly appointed assistant director of FBI OPR, engaged in retaliatory conduct against Roberts. The OIG found that neither Jordan nor other FBI officials intended to harass or threaten Roberts for his statements on *60 Minutes*. However, we concluded that Jordan exhibited poor judgment in several instances, including making certain statements about Roberts at an OPR all-employees meeting and deciding to hold the meeting at a time when Roberts could not attend. In addition, we believe that Jordan passed over Roberts for a senior FBI OPR position in part because of Roberts' statements on *60 Minutes*, an action that left the clear appearance of retaliation.

- ◆ The OIG initiated an investigation into allegations that: (1) two FBI special agents assigned to the San Antonio Division had surreptitiously recorded the conversations of an FBI assistant special agent in charge and supervisory special agent (SSA); and (2) the SSA instructed agents on ways to circumvent the discovery process and avoid cross examination in a certain high-profile case. The El Paso Field Office investigation into the allegations against the SSA did not substantiate the allegation that he deliberately tried to circumvent the discovery process or conceal exculpatory information. As to the allegations against the first FBI special agent, the OIG concluded that he lied to and deceived a fellow FBI employee, was not forthcoming with OPR and OIG investigators, and misused FBI electronic intercept equipment in a personal dispute with FBI management. Regarding the allegations against the second special agent, the OIG found that he lied to OPR and OIG agents in three separate affidavits when he denied participating in the surreptitious recording of FBI managers.
- ◆ In our September 2002 *Semiannual Report to Congress*, we reported that a former personnel security specialist assigned to the FBI's Boston Office was arrested and pled guilty in the District of Massachusetts to making a false statement. An investigation by the Boston Area Office revealed that the personnel security specialist provided an affidavit to OIG agents in which he denied receiving a telephone call from a civilian who had attempted to turn himself in to the FBI after committing several bank robberies. After being disconnected by someone at the FBI, the civilian allegedly went on a multi-state carjacking spree during which he murdered three people. During an OIG polygraph examination, the personnel security specialist initially repeated his denial; however, he later admitted that he had received the call from the civilian but had inadvertently disconnected him, and that he had lied to investigators about his actions. During this reporting period the personnel security specialist was sentenced to 6 months' incarceration, 3 years' supervised release, and was fined \$2,000.

Ongoing Work

The FBI's 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 intelligence information prior to the September 11, 2001, terrorist attacks. The investigation is focusing on, among other things, how the FBI handled 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 Moussaoui investigation, and other issues related to the FBI's handling of information or intelligence before September 11 that might relate to the terrorist attacks.

The Department's Performance in Preventing, Detecting, and Investigating the Espionage Activities of Robert Philip Hanssen

The OIG is completing a comprehensive report detailing its examination of the Department's performance in preventing, detecting, and investigating the espionage activities of former FBI special agent Robert Philip Hanssen. This review, initiated at the request of the Attorney General and the Senate Select Committee on Intelligence, examines Hanssen's career and espionage during his two decades with the FBI, as well as the FBI's efforts during that period to uncover espionage in the FBI.

The FBI's Legal Attaché Program

The Legal Attaché program was created to gain greater cooperation with international police partners in support of the FBI's mission. The program has grown substantially over the past few years, from offices in 23 countries in 1993 to offices in 44 countries in 2001. This audit is assessing the effectiveness, efficiency, and cost of the program; determining the types of activities performed by attachés to identify potential overlap and duplication of efforts with other law enforcement agencies; and examining the performance measures used to evaluate the program.

Review of FBI Casework

The FBI investigates more than 200 categories of federal crimes and monitoring activities that threaten the nation's security. As a result, FBI activities range from investigating actual and potential terrorist acts to investigations of kidnappings, bank robberies, and white-collar crimes. This audit is examining trends in the FBI's allocation of resources to investigate the categories of crimes under its jurisdiction and the types and number of cases investigated.

FBI Laboratory DNA Analysis

The OIG is reviewing the failure of a former technician in the FBI Laboratory DNA Analysis Unit I to complete steps designed to detect contamination in the analysis process. In more than 100 cases covering approximately two years, the technician failed to include control samples in her production of forensic DNA profiles. In addition, with the assistance of nationally known DNA scientists, the OIG is conducting a broader assessment of DNA Analysis Unit protocols and procedures to determine if other vulnerabilities exist in its operations.

The Immigration and Naturalization Service

The INS is responsible for enforcing the laws regulating the admission of aliens into the United States and for administering various immigration benefits. During this reporting period, the INS had approximately 29,000 employees in 33 INS districts and 21 Border Patrol sectors in the United States, and in 3 district offices and 39 area offices outside the United States. Effective March 1, 2003, the INS's staff and responsibilities were transferred to the DHS.

The OIG developed a separate list of top management challenges in the INS given the INS's transfer to the DHS.

Top Management Challenges in the INS – 2002

1. Border Security
2. Enforcement and Removal
3. Entry/Exit and Student Tracking Systems
4. Applications Backlog
5. Financial Statements and Systems
6. Information Technology Planning and Implementation
7. Computer Systems Security
8. Detention Space Management
9. Organizational Structure
10. Human Capital

The OIG's list of Top Management Challenges in the INS can be found on the OIG's website at www.usdoj.gov/oig/challenges.htm.

Reports Issued

Follow-Up Review on the Status of SEVIS Implementation

This evaluation assessed the INS's progress in implementing SEVIS since issuance of our

May 2002 report, *The Immigration and Naturalization Service's Contacts With Two September 11 Terrorists: A Review of the INS's Admissions of Mohamed Atta and Marwan Alshehhi, its Processing of their Change of Status Applications, and its Efforts to Track Foreign Students in the United States*.

This follow-up review found that the INS has made significant progress in implementing SEVIS to track foreign students. However, we found continued problems with the INS's certification of schools to accept foreign students, oversight of contractors conducting school site visits, oversight of schools' compliance with SEVIS requirements, training of contractors and INS personnel, procedures for identifying and referring potential instances of student or school fraud, and resource levels for investigating potential fraud. Because of these problems, the INS did not fully implement SEVIS by January 1, 2003, the congressionally mandated deadline. Among the specific deficiencies we found in the INS's implementation of SEVIS were the following.

- ◆ The INS provided inadequate oversight of contractors hired to conduct on-site reviews to ensure that only bona fide schools were being provided access to SEVIS.
- ◆ The INS's review of schools' record keeping and internal controls was insufficient to ensure that schools are complying with SEVIS record keeping requirements or to identify internal control weaknesses that could allow fraud to occur undetected.
- ◆ The INS still has not provided adequate training and guidance to INS adjudicators, who must identify fraudulent schools, and to INS inspectors at ports of entry, who must determine whether foreign students using SEVIS documents to enter the United States are legitimate students.

- ◆ The INS has not established procedures to use SEVIS to identify and refer potential fraud for enforcement action and has not provided sufficient resources for enforcement activities.

Because the INS has not fully implemented SEVIS, the program must be carefully managed during the transfer of the INS to the DHS. We concluded that without close oversight to ensure continuity and a smooth transition, full SEVIS implementation may be further delayed. We recommended eight actions that the DHS should take to help ensure the program's effectiveness in monitoring foreign students.

The INS's Primary Inspections at Air Ports of Entry

INS inspections at air ports of entry consist of a primary inspection and, when required, a secondary inspection. In a primary inspection, an inspector examines the traveler's travel documents, checks law enforcement databases for information about the traveler, asks questions pertinent to admissibility, and reviews and completes portions of applicable INS forms. The goal is to quickly admit legitimate travelers to the United States and refer high-risk travelers and inadmissible aliens for more detailed secondary inspections.

An OIG review of primary inspections at air ports of entry found the INS needs to improve its capability to perform passenger analyses prior to flight arrival, which is critical in identifying high-risk individuals and preventing the entry of inadmissible persons to the United States. Additionally, the INS's lookout system did not always provide primary inspectors critical information known to the INS – such as lookouts for aggravated felons who have been previously refused entry to the United States or for stolen passports – that could enable inspectors to identify high-risk and inadmissible persons. The OIG also found that primary inspectors did not always query lookout databases as required. For example, when we tested query procedures for two high-risk flights that arrived on September 11, 2002, we found that inspectors did not query all required travelers, despite the heightened national threat level.

Our review of the INS's primary and secondary inspection data for FY 2002 revealed that for the

1.1 million travelers referred to secondary inspection, more than 41,000 had unknown inspection dispositions, even though primary inspectors had identified more than 2,800 of those 41,000 travelers as lookout matches.

The INS invested over \$19 million to train about 1,000 new immigration inspectors at its academy in FY 2002. We found that the training was not sufficient in terrorism awareness or the use of computer systems that provide critical information about travelers seeking entry to the United States. These training deficiencies greatly increased the risk that inspectors would admit inadmissible travelers. The fact that, in the last fiscal year, about 26 percent of all inspectors at air, land, and sea ports of entry were newly hired increases the need for the INS to implement an aggressive and complete training program.

We made 27 recommendations to improve primary inspection operations. Our recommendations focused on: (1) improving the INS's operational capability to perform passenger analyses prior to flight arrival, (2) strengthening the INS's policy, controls, and mechanisms to ensure that vital lookout and intelligence information is available to primary inspectors, (3) strengthening the INS's controls over the entire primary inspection process so that primary inspectors analyze the results of lookout queries, refer appropriate travelers to secondary inspection, and ensure that referred travelers arrive in secondary for further examination and appropriate disposition, and (4) training new inspectors to use the computer systems that provide lookout and other critical information on travelers seeking entry into the United States.

Follow-Up Audit of the INS's Airport Inspection Facilities

An OIG audit issued in December 2000 found deficiencies in INS inspection facilities at 42 international airports in the United States. We found that airports were vulnerable to illegal entry, escapes, injuries, and the smuggling of aliens and contraband. The OIG recommended that the INS correct the deficiencies and improve the condition of the airport inspection facilities.

The OIG initiated this follow-up audit because of the quantity and severity of deficiencies found

during the prior audit, the difficulty the INS had in taking effective corrective action, and the increased importance of airport security. The OIG found that at the 12 airports audited in the follow-up review, the INS took insufficient action to implement the recommendations from the prior audit. It failed to advise many of the airports of needed improvements or even notify its own airport staff of the prior audit results. The INS also failed to apply sanctions successfully against those airlines that did not provide suitable inspection facilities. Finally, the INS did not develop a program to review existing facilities or develop performance measures related to improving the airport inspection facilities. Thus, all airports reviewed in this follow-up audit had repeat deficiencies. For example, some airports did not have intercoms between access control points and the command center, emergency exits with both local and central alarms, or hold rooms that could be unlocked easily during an emergency.

The OIG also found additional deficiencies not identified in the prior audit. Some inspection areas lacked adequate camera coverage, and some interview rooms did not have video systems for recording interviews. The OIG also found that security systems and equipment were ineffective at some of the airports. The OIG found inoperable alarms and cameras and security features that had been turned off, were not monitored, or had not been installed.

By not addressing the risks associated with poor facilities or exercising its authority to impose sanctions where necessary, the INS continued to undermine its ability to influence airlines and airport authorities to meet security standards. Thus, some airports continue to be vulnerable to illegal entry, escapes, injuries, and smuggling of aliens and contraband into the United States. The OIG made seven recommendations to the INS to improve the security of its airport inspection facilities.

The INS's Removal of Aliens Issued Final Orders

The OIG issued a follow-up report to a 1996 OIG review that assessed the INS's effectiveness at removing aliens with final orders. In the follow-up review, we found that the INS remains successful at removing detained aliens but unsuc-

cessful at removing nondetained aliens. Detained aliens are removed at a rate of 92 percent while nondetained aliens are removed at a rate of 13 percent. These removal rates are similar to those we found in 1996 – detained aliens were removed at a rate of 94 percent while nondetained aliens were removed at a rate of 11 percent.

We also examined the removal rate of several high-risk subgroups of nondetained aliens ordered removed. The OIG found that aliens with criminal records were removed at a rate of 35 percent, aliens from countries identified by the U.S. Department of State as sponsors of terrorism were removed at a rate of 6 percent, and aliens denied asylum were removed at a rate of 3 percent. The OIG also found that the INS failed to implement the corrective actions recommended in the OIG's 1996 report.

We recommended that the INS establish annual goals for apprehending and removing absconders and other nondetained aliens with final orders, identify the resources needed to achieve these goals, and apply resources to all case types. We also recommended that the INS establish a program to correct missing and inaccurate data in the Deportable Aliens Control System and implement a data system with the Executive Office for Immigration Review for tracking and processing alien cases.

The INS's Premium Processing Program

The INS established the Premium Processing program in June 2001 to allow certain employment-based applications to be processed expeditiously for an additional premium of \$1,000. Although the goal of Premium Processing is to expedite premium petitions, the long-term objective is to reduce or eliminate backlogs in the INS's total adjudications workload. The OIG audited the Premium Processing program to determine if: (1) the INS was achieving program goals for processing employment-based petitions and applications, (2) the processing times for similar routine petitions and applications had changed significantly since the implementation of the Premium Processing program, and (3) implementation of the mandated Interagency Border Inspection System (IBIS) checks impacted the Premium Processing service.

The OIG's audit found that while the INS is essentially meeting its 15-day processing requirement for premium petitions, the Premium Processing program has adversely affected the time required to adjudicate routine applications and petitions. While more applicants are paying the \$1,000 Premium Processing fee for expedited adjudication, the backlog of routine petitions at INS service centers has increased steadily, reaching 3.2 million in September 2002. Thus, the program may be increasing at least some adjudications backlogs instead of reducing or eliminating those backlogs, as intended. The OIG also found that INS service centers failed to institute IBIS checks in a timely manner. The INS mandated IBIS checks on all petition types starting January 28, 2002, but, due to a breakdown in communications between INS headquarters and the field, the service centers did not institute IBIS checks for all petitions until March 2002. As a result, 11,830 Premium Processing petitions were adjudicated without IBIS checks between January 28, 2002, and March 18, 2002. The OIG further found that program analysis of Premium Processing has been weak. The INS maintains statistical databases to track all types of adjudications, staff, and supervisory hours, but Premium Processing is not separately identified in these databases or others used for supporting budget requests, position allocations, and general analysis. Consequently, the INS lacks reliable data about the Premium Processing workload and the resources it requires.

The OIG recommended that the INS strengthen internal communications about policies and procedures affecting adjudications, ensure that an appropriate portion of Premium Processing revenues is used to reduce the INS's adjudications backlog, employ the INS's nationwide work measurement system to collect management information about the Premium Processing program, conduct a formal study to determine the unit costs for processing premium cases and to assign adequate staff and other resources to meet the needs of the program, and conduct a formal analysis of the \$1,000 premium to ensure that revenues are allocated as required by law.

INS Reemployment of Annuitants

Normally, federal annuitants rehired by the federal government have their salaries offset by an

amount equal to the annuity they receive from the government. In 1996, the Office of Personnel Management (OPM) granted the INS emergency authority to rehire federal annuitants, but waive the offset and pay annuitants their full salaries. Because of congressional concern over how the INS had used this authority, the OIG audited the INS's rehiring of annuitants from FY 1996 to FY 2002.

We found that the INS had not developed an effective plan to reduce its dependence on rehired annuitants. We also found that the INS did not accurately track the number of federal annuitants it rehired and could not confirm the compensation paid to annuitants. According to data supplied by the National Finance Center, for the period audited the INS employed 379 annuitants and paid them approximately \$49 million in salary (including overtime) compensation. Of those 379 annuitants, 294 received waivers and salary compensation totaling \$39.5 million. We focused on 69 INS waiver extension requests reviewed by the Justice Management Division (JMD) in FY 2002. We found that JMD did not maintain a standard review sheet or similar analysis that provided the basis or rationale for its decisions on waiver extension requests. However, JMD applied specific criteria to review the extensions and denied a number of such requests by the INS. In our judgment, JMD can improve its review process and mitigate or eliminate potential questions regarding its waiver extension decisions by documenting its analyses.

We recommended that the INS and JMD (or the appropriate component in the DHS): (1) develop improved accounting procedures, (2) ensure that rehired annuitant files contain statements that the annuitant would not accept the position without a waiver being granted, (3) maintain documentation in annuitant files explaining the basis for granting or denying waivers, and (4) develop effective long-range hiring and training strategies.

The Norfolk Ship Jumping Incident

The OIG examined the actions of INS employees in connection with a widely publicized "ship jumping" incident. When a Russian cargo ship docked in Norfolk, Virginia, on March 16, 2002,

the crew did not have individual visas, which generally are required for entering the United States. Following a database search of the crewmen's names by an INS immigration inspector and an inspection of the crew by an INS supervisory immigration inspector, the crew was granted a waiver of the visa requirement. The immigration inspectors, however, had not requested or received the proper authority for granting such a waiver. According to a November 2001 change in INS policy, waivers had to be approved by specified INS officials.

Four of the 27 crewmen failed to return to the ship prior to its departure from Norfolk on March 18, 2002. The OIG investigated the Norfolk incident to determine how the ship jumpers had been given waivers in violation of INS policy.

The OIG found that the Norfolk immigration inspectors had not been informed of the INS policy change, primarily due to inaction by the INS Washington District Office and, to a smaller extent, by the INS Norfolk Office. The OIG concluded that the Norfolk ship jumping incident highlighted a long-standing problem in the INS – that INS policies and changes in policy are not distributed to INS offices and employees in the field in a uniform or effective way. The INS had been on notice of problems with inconsistent distribution of policies since at least February 2000 when the INS Office of Internal Audit issued a report recommending changes in that area. Two years later, the INS still had not implemented these changes. In its ship jumping review, the OIG recommended that the INS give priority to its ongoing project of making electronic field manuals that include all policy revisions available to employees. Further, the OIG recommended that the INS make better use of e-mail, electronic bulletin boards, and other electronic means to transmit new policies to the INS employees who must enforce them.

The INS's Ability to Provide Alien Information to the Social Security Administration

At the request of the Social Security Administration (SSA) OIG, we assessed whether the INS timely posts information about aliens into INS databases that it shares with the SSA. The SSA uses the databases to issue Social

Security numbers to aliens. The OIG examined two systems used by the INS to provide the SSA with aliens' immigration statuses: (1) Immigrant Visa DataShare (DataShare) and (2) the Nonimmigrant Information System (NIIS).

The OIG concluded that the INS is prepared to implement the enumeration phase of the DataShare process and provide the SSA immigrant status using DataShare. The INS has participated in the DataShare program for several years and has made and tested all of the DataShare modifications to support the SSA's requirements. The INS estimated that the entire process of uploading nonimmigrant information into NIIS and making it available to the SSA would take approximately 11 to 13 workdays. The OIG concluded that the INS's estimate is based on reasonable approximations and assumptions.

Investigations

From October 1, 2002, through March 1, 2003 (when oversight of the INS transferred to the DHS OIG), the OIG received 1,663 complaints involving the INS. The most common allegations made against INS employees included: official misconduct; job performance failure; inappropriate treatment of the public, aliens, or detainees; and inappropriate use of force or abuse. The vast majority of complaints dealt with less serious issues, and the OIG referred these allegations to the INS Office of Internal Audit.

At the close of the reporting period, the OIG had 179 open cases of alleged misconduct against INS employees. The criminal investigations cover a wide range of offenses, including INS document fraud, bribery of a public official, alien and drug smuggling, and theft of government funds. The administrative investigations include serious allegations of misconduct, including allegations against high-level employees. Following are some of the cases investigated during this reporting period.

- ◆ Two INS contract employees were arrested on charges of willfully destroying documents that had been filed with the INS. The contract employees were assigned to the INS California Service Center in Laguna Niguel, California, with responsibility for processing incoming INS mail. One served as the assistant manager

in charge of the file room, and the other served as the file room's senior supervisor. A joint investigation by the Los Angeles Field Office and the INS developed evidence that in January 2002 the assistant manager ordered the senior supervisor and other file room supervisors to begin shredding a backlog of approximately 90,000 unprocessed documents. By late March 2002, the backlog was eliminated because of the shredding; however, the assistant manager instructed the senior supervisor and other employees to continue shredding incoming unprocessed documents to prevent any further backlog. The shredding stopped on April 4, 2002, when INS officials discovered two file room clerks shredding unprocessed documents during the evening shift. The types of documents shredded included U.S. and foreign passports, birth and marriage certificates, and INS applications and notices. Judicial proceedings continue.

- ◆ On January 8, 2003, the OIG released a special report on travel voucher abuse by INS Border Patrol agents detailed to Tucson, Arizona. An investigation by the Tucson Field Office found that some Border Patrol agents falsified the amount of rent they paid and accepted amenities or cash rebates from lodging providers without reducing their claims for reimbursement. Further, the OIG found that supervisory Border Patrol agents improperly rented rooms to subordinate agents and in some cases provided the agents false receipts for amounts greater than what was actually paid. The OIG report makes several recommendations to the INS for reducing the abuse of travel reimbursements in connection with long-term details.
- ◆ An INS supervisory immigration inspector, an immigration consultant, and five civilian co-conspirators were arrested pursuant to a criminal complaint and immigration warrants in the Southern District of California for conspiracy to commit fraud; manufacture and misuse of visas, permits, and other documents; and reentry after deportation. A joint investigation by the El Centro Area Office, INS, FBI, USAO, and Department of State developed information that the immigration consultant and co-conspirators obtained Employment Authorization Documents (EADs) for their clients by submitting false information and other fraudulent

documents with their applications. The investigation disclosed that the supervisory immigration inspector, who is assigned to the Calexico, California, port of entry, assisted the immigration consultant by falsely submitting cancellation of removal documents for aliens who were not eligible to receive them. Aliens paid from \$3,000 to \$14,000 for these services. Judicial proceedings continue.

- ◆ An INS information officer assigned to the INS's Newark District Office was arrested and pled guilty to an information charging him with theft of government funds. A joint investigation by the New York Field Office and the USAO for the District of New Jersey identified 49 immigration cases in which the information officer stole money orders totaling more than \$15,000 from aliens filing applications with the INS. Sentencing is pending.
- ◆ An INS adjudications officer assigned to the Miami District Office and a civilian were arrested for arranging fraudulent marriages for the purpose of obtaining resident alien cards. An investigation by the Miami Field Office led to a criminal complaint alleging that the civilian paid \$3,000 to the adjudications officer and \$3,000 to the sham spouse to perpetrate the scheme. Subsequently, the adjudications officer would approve the applications for adjustment of status to legal permanent resident and then stamp the respective passports and I-94 (Arrival-Departure Record) forms to reflect legal permanent residency when, in fact, the persons were not legal permanent residents. Judicial proceedings continue.

Procedural Reform Recommendations

The Investigations Division prepares a Procedural Reform Recommendation (PRR) recommending corrective action by a Department component when an investigation identifies a systemic weakness in an internal policy, practice, procedure, or program. Provided below are examples of PRRs sent to the INS during this reporting period.

- ◆ The Los Angeles Field Office conducted an investigation involving an INS special agent who unlawfully released over 140 illegal aliens from the Los Angeles Detention Staging Facility over a 2-year period in exchange for payment. The agent walked the aliens through the controlled entrance and released them to an accomplice. The unauthorized release of the aliens was never questioned. The investigation determined that detention staging facilities, established in district offices to briefly detain aliens until the INS can determine alienage or deportability, did not have specific procedures for the removal of aliens from the facilities. INS law enforcement officers had the authority to move aliens to other locations without any paperwork required. The OIG recommended that the INS establish specific procedures for handling aliens at detention staging facilities. Such procedures should mirror procedures in effect at INS detention camps and processing centers and should ensure that an alien is only released after proper documentation has been produced and approved by an authorized official. The INS agreed with the OIG's findings and anticipates having a policy ready for implementation by April 2003.
- ◆ The Los Angeles Field Office conducted an investigation involving an INS special agent who exploited weaknesses in the INS policy for storage and accountability of Alien Files (A-Files) in order to issue EADs to illegal aliens without lawful authority. The agent admitted that he obtained empty A-File jackets, which were routinely left unsecured, and used the A-File numbers to produce the EADs. The investigation revealed that the agent had over 200 A-Files at his residence without the knowledge of his superiors. The OIG recommended that the INS review its procedures relating to the storage and accountability of A-Files and amend them so that records indicating A-File assignment include the name of the INS officer assigned, the date of assignment, the name of the alien for whom the A-File is created and why it was created. In addition, the OIG recommended that the INS conduct audits to disclose when an A-File's location has changed or when the INS officer assignment has changed. The INS concurred with the OIG's recommendations and is deploying a new National File Tracking System and establishing audit procedures to enhance tracking of empty A-File jackets.
- ◆ The Miami Field Office prepared a PRR concerning INS Alien Documentation Identification Telecommunications Systems (ADIT) stamps as the result of an investigation that revealed that individuals were able to obtain an ADIT stamp and controlled security ink to further an INS document fraud scheme. The INS places an ADIT stamp in an alien's passport to signify temporary evidence of lawful admission for permanent residence. Although the INS uses ADIT stamps in conjunction with controlled security ink, the stamps themselves have no distinguishing markings or control numbers, making it difficult to track the stamps. Policy regarding the control of the stamps varies among the INS Districts. In the Miami District Office, adjudication officers are each issued an ADIT stamp and an inkpad. However, no steps are taken to identify which stamps are issued to which officers or to record any specific or identifiable attributes of individual stamps. At Miami International Airport, some immigration inspectors share an ADIT stamp, and each inspector is responsible for securing it when it is not in use. The OIG recommended that the INS establish a national policy that includes prohibition of the sharing of stamps among officers, use of control numbers and/or control features unique to each stamp, a requirement that ADIT stamps be logged out and in each day, and appropriate penalties for those who fail to properly control the stamps. In addition, the OIG recommended that the INS consider using a single vendor in procuring ADIT stamps.

The Drug Enforcement Administration

The DEA enforces laws and regulations of the United States related to the growing, manufacture, or distribution of controlled substances. In addition, the DEA recommends and supports non-enforcement programs aimed at reducing the availability of illicit controlled substances on the domestic and international markets. In FY 2002, the DEA had approximately 9,400 employees, almost half of which were special agents. The DEA has 21 division offices in the United States and the Caribbean and maintains 78 offices in 56 countries throughout the world.

Investigations

During this reporting period the OIG received 332 complaints involving the DEA. The most common allegations made against DEA employees included job performance failure, misuse of a credit card, and false statements. The vast majority of complaints dealt with less serious issues, and the OIG referred those allegations to the DEA OPR.

At the close of the reporting period, the OIG had 20 open cases of alleged misconduct against DEA employees. The criminal investigations cover a wide range of offenses, including theft, drug offenses, and use of unnecessary force/denial of rights. The administrative investigations include serious allegations of misconduct, including allegations against high-level employees. Following are some of the cases investigated during this reporting period.

- ◆ An officer in the Chicago Police Department, assigned as a task force agent with the DEA, was arrested in Illinois pursuant to a criminal complaint charging him with theft of government funds. The Chicago Field Office, DEA, and Chicago Police Department initiated an investigation after the task force agent approached a registered DEA informant and proposed rob-

bing a drug dealer. The informant made a recorded telephone call to the task force agent and told him there was a drug dealer parked at a restaurant who had at least \$50,000 in a toolbox in his car. The task force agent subsequently drove to the restaurant in his government vehicle and removed a toolbox from the car that contained \$10,000 in marked OIG funds. The task force agent was arrested after he met with the informant to split the funds. Judicial proceedings continue.

- ◆ The OIG initiated an investigation based on allegations that a DEA supervisor had engaged in off-duty misconduct by pointing his DEA handgun at a 17-year-old male juvenile. The incident occurred after his step-daughter and the 17-year old male returned to the supervisor's home at 5:30 a.m. after having driven around for several hours. When the two returned home, the supervisor approached the vehicle on foot, drew his gun, and pointed it at the 17-year-old driver. He ordered the driver out of the car and forced him to lie prone on the grass. The OIG interviewed all persons associated with this incident, reported the findings to the DEA, and recommended that the DEA consider the case for disciplinary action.

Ongoing Work

DEA Use of Informants

The DEA uses confidential sources (informants) as an investigative tool in support of criminal investigations and the prosecution of drug cases. The OIG is assessing the DEA's payments to informants, compliance with regulations and controls over disbursements, and the effect that the information provided by informants had on arrests and prosecution of cases.

The DEA's Discipline Process

This review is examining the process by which the DEA identifies, refers, and investigates employee misconduct and imposes and enforces disciplinary actions in response to substantiated employee misconduct allegations. We are evaluating the DEA's compliance with procedures for reporting allegations of misconduct to the DEA's Office of Professional Responsibility as well as the timeliness of the process from referral of allegations to implementation of disciplinary actions. We also are examining the appropriateness and consistency of disciplinary actions.

The DEA's Control of Seized Narcotics and Cash

This review is assessing the DEA's procedures for maintaining accountability of narcotics and cash received from other federal, state, and local law enforcement agencies. We are examining the procedures for the receipt, security, and final disposition of the narcotics and cash. As part of the review, we are examining procedures for maintaining accountability records.

The DEA's Implementation of GPRA

We are reviewing the DEA's implementation of the *Government Performance and Results Act of 1993* (GPRA) to evaluate whether the DEA has: (1) developed strategic goals and objectives that are consistent with the Department's strategic goals and objectives, (2) established performance measures that are adequate to evaluate achievement of its goals and objectives, and (3) established an effective system to collect, analyze, and report data related to its performance measures.

Follow-up Audit of the DEA's Forensic Laboratory Operations

The DEA's forensic laboratories process drug evidence and provide forensic services to DEA investigators and other law enforcement entities. In 1995 the OIG audited laboratory operations and found that several facilities were outmoded and overcrowded. We also found that although services and controls over evidence

were generally satisfactory, the results of lab analyses were sometimes slow to be reported, and controls over evidence could be improved. This follow-up audit is further evaluating the effectiveness of the DEA's forensic services and controls over evidence. We are assessing how effectively DEA forensic services support the gathering of drug intelligence and the investigation and prosecution of drug cases, and how DEA laboratories manage evidence to prevent loss or compromise.

The Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate and detain inmates who have been imprisoned for federal crimes or are awaiting trial or sentencing in federal court. The BOP consists of approximately 36,000 employees, 102 institutions, 6 regional offices, 2 staff training centers, and 29 community corrections offices. The BOP is responsible for the custody and care of approximately 163,000 federal offenders, 137,500 of whom are confined in BOP-operated correctional institutions and detention centers. The remainder are confined in detention centers, privately operated prisons, community corrections centers, juvenile facilities, and facilities operated by state or local governments.

Reports Issued

The BOP's Drug Interdiction Activities

In this review, the OIG evaluated whether the BOP has been effective in reducing or eliminating drugs in BOP institutions. We found that drugs are widespread in BOP institutions even though the BOP implements interdiction activities at most entry points in its institutions. Inmates' positive drug tests, misconduct charges, and overdoses show drug use and drug smuggling occur in almost every BOP institution. The OIG identified inmate visitors, staff, and mail as the three primary ways drugs enter BOP institutions. The OIG found that the BOP fails to search visitors adequately and that most of the BOP institutions the OIG visited have insufficient cameras, monitors, and staff to adequately supervise inmate-visiting sessions.

The OIG also determined that the BOP imposes no restrictions on the personal property staff can bring into its institutions, does not search staff or their property when they enter for duty, and does not conduct random drug testing of staff; such activities are common in many state correctional systems. At each BOP institution the OIG visited,

staff brought in duffle bags, briefcases, satchels, and large and small coolers. Institution managers, intelligence officers, and correctional officers interviewed by the OIG expressed serious doubt about the effectiveness of the BOP's efforts to eliminate drugs from its institutions when it imposes no control over the property its staff brings inside. In addition, the OIG found that the BOP does not conduct random drug tests of its staff despite having won a federal court case in 1993 to permit such testing and despite a written BOP policy that requires drug testing. The majority of BOP staff interviewed by the OIG supported random drug testing of staff.

The review also examined the BOP's efforts to reduce inmates' demand for drugs. The OIG found that an insufficient number of BOP inmates receive drug treatment, partly because the BOP underestimates and inadequately tracks inmates' treatment needs. The BOP has estimated that 34 percent of all federal inmates need drug treatment. However, the OIG concluded that this figure is outdated and underrepresents the number of BOP inmates who need drug treatment. In addition, the OIG concluded that the BOP does not provide adequate nonresidential drug treatment in BOP facilities because of insufficient staffing, lack of policy guidance, and lack of incentives for inmates to seek drug treatment. Even though the BOP states that nonresidential treatment is a major component of its strategy to reduce inmates' demand for drugs, nonresidential treatment was limited or not available at five of the institutions the OIG visited.

The OIG made 15 recommendations to improve the BOP's drug interdiction efforts.

Investigations

During this reporting period, the OIG received 2,435 complaints involving the BOP. The most

common allegations made against BOP employees included job performance failure, official misconduct, off-duty misconduct, use of unnecessary force, and denial of rights. The vast majority of complaints dealt with less serious issues, and the OIG referred these allegations to the BOP Office of Internal Affairs.

At the close of the reporting period, the OIG had 216 open cases of alleged misconduct against BOP employees. The criminal investigations cover a wide range of allegations, including introduction of contraband (e.g., drugs), bribery of a public official, and sexual abuse of inmates. The administrative investigations include serious allegations of misconduct, including allegations against high-level employees. Following are some of the cases investigated during this reporting period.

- ◆ A BOP correctional officer assigned to the U.S. Penitentiary (USP) in Florence, Colorado, was arrested and pled guilty in the District of Colorado to charges of possession with intent to distribute heroin, bribery of a public official, and providing contraband in prison. During an investigation conducted by the Colorado Springs Area Office, FBI, and USP Florence, the correctional officer met with an undercover OIG agent and accepted two ounces of heroin and \$1,000 for the purpose of introducing the drugs into the USP. Following his arrest, the correctional officer admitted that he had introduced narcotics into the USP in exchange for money on two prior occasions. The BOP terminated the correctional officer as a result of our investigation. Sentencing is pending.
- ◆ Two BOP correctional officers assigned to the Federal Correctional Institution (FCI) in Forrest City, Arkansas, were arrested on Arkansas state charges of possession of cocaine and marijuana with intent to distribute. A joint investigation by the Washington Field Office; BOP; Forrest City, Arkansas, Police Department; and Little Rock, Arkansas, Postal Inspection Service revealed a scheme in which the two BOP correctional officers conspired with an inmate and his wife to introduce drugs into the FCI. The inmate's wife received packages from other inmates' family members that contained drugs and then provided these packages to the BOP correctional officers for distribution in the FCI. The officers received \$50 to \$100 for each item they introduced. Judicial proceedings continue.
- ◆ A former BOP correctional officer, previously assigned to the Federal Medical Center in Carswell, Texas, was arrested and pled guilty in the Northern District of Texas to making false statements. An investigation by the Dallas Area Office revealed that the correctional officer had been involved in a sexual relationship with a female inmate. During his initial interview with the OIG, the correctional officer admitted his guilt but claimed that the relationship was an isolated incident. However, additional investigation revealed that the correctional officer previously had sexual relations with five other inmates. During a second interview with the OIG, the correctional officer confessed to the additional sexual misconduct and also acknowledged that his initial statements were false. Judicial proceedings continue.
- ◆ A BOP correctional officer assigned to the FCI in Miami, Florida, was arrested and pled guilty in the Southern District of Florida to charges of bribery of a public official and attempted possession with intent to distribute cocaine. A joint investigation by the Miami Field Office and the FBI disclosed that the correctional officer agreed to introduce narcotics into the FCI in return for cash payments. During an undercover meeting, the correctional officer accepted \$2,500 for distributing approximately two grams of cocaine to an inmate inside the FCI. Sentencing is pending.
- ◆ A BOP correctional officer assigned to the USP in Atlanta, Georgia, was arrested pursuant to a criminal complaint filed in the Northern District of Georgia charging him with bribery of a public official and introduction of contraband into a federal prison. An investigation by the Atlanta Area Office and the FBI revealed that the correctional officer provided marijuana laced with cocaine to an inmate incarcerated at the USP. The correctional officer received \$3,500 from the inmate's mother for his services. Judicial proceedings continue.

Ongoing Work

The BOP Inmate Release Preparation and Transitional Reentry Programs

The OIG is auditing the BOP's Inmate Release Preparation and Transitional Reentry Programs to evaluate whether (1) inmate release planning is adequate and continuous from the inmate's initial classification through final release, (2) institutional and unit Release Preparation Programs provide consistent quality of services among facilities, and (3) management and oversight of contract transitional programs at Community Corrections Centers are adequate.

Other Department Components

U.S. Marshals Service

The USMS is responsible for protecting the federal judiciary, transporting federal prisoners, protecting endangered federal witnesses, managing assets seized from criminal enterprises, and pursuing and arresting federal fugitives. The director and deputy director of the USMS work with 94 U.S. marshals, each appointed by the President and confirmed by the Senate, to direct the activities of 95 district offices and approximately 4,000 staff stationed at more than 350 locations throughout the 50 states, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Investigation

In the District of New Jersey, a deputy U.S. marshal assigned to the Camden, New Jersey, sub-office pled guilty to an information charging him with theft of government money. An investigation by the New York Field Office, assisted by the USMS, determined that the deputy U.S. marshal stole

\$11,788 in seized money from the USMS's vault in Camden, New Jersey.

Ongoing Work

The USMS's Judicial Security Program

We are reviewing the operational changes in the USMS since the September 11, 2001, terrorist attacks. The purpose of the review is to: (1) identify what changes to USMS policies and procedures have been implemented to address the increased threat of terrorism, and (2) determine the extent of the implementation and the impact of these changes on USMS operations.

USMS Medical Care

This audit is assessing whether management controls established by the USMS will reasonably assure that: (1) detainees are provided necessary health care, (2) detainees are screened for communicable diseases, (3) costs are necessary and reasonable, and (4) detainees are provided secure transport to off-site facilities to receive medical treatment.

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. U.S. Attorneys are appointed by the President and confirmed by the Senate. Each U.S. Attorney is the chief federal law enforcement officer within his or her jurisdiction.

Ongoing Work

The USAOs' Critical Incident Response Plans

In order to maximize the USAOs' ability to respond quickly and appropriately to a critical incident, the Attorney General directed each USAO to develop a critical incident response plan. This review is examining whether the plans have been developed and submitted to the Executive Office for U.S. Attorneys (EOUSA) as required, and whether the plans assist the USAOs in responding effectively to critical incidents within their jurisdictions. The review is also assessing the level of training and support provided the USAOs in developing the plans and efforts the USAOs made to test the plans to ensure their effectiveness.

Vendor Payments and Credit Card Usage in the USAOs

This audit is reviewing vendor payments and credit card usage in the USAOs and the EOUSA to determine whether payments were made according to the policies prescribed by the EOUSA and other relevant authorities and to examine the EOUSA's performance measurement activities related to vendor payments and credit card usage.

Multicomponent Audits, Reviews, and Investigations

Reports Issued

Department Drug Demand Activities

The OIG conducted an audit to review the Department's drug demand reduction activities, which include policies and programs dealing with drug abuse education, prevention, treatment, research, rehabilitation, drug-free workplace programs, and drug testing.

As reported in the Office of National Drug Control Policy (ONDCP) FYs 2002 and 2003 budget summaries, the total federal drug demand reduction budget for FY 2001 was \$5.9 billion. During FY 2001, the Department reported \$336 million in total drug demand reduction obligations, which included 19 programs administered by the BOP, COPS, DEA, and Office of Justice Programs (OJP). The OIG identified an additional program administered by OJP with FY 2001 obligations of \$50 million that, in our judgment, should have been reported as drug demand reduction. We concluded that the Department programs reported to the ONDCP do not accurately reflect the Department's drug demand reduction activities. We identified ten programs with total reported obligations of \$223 million that were not directly related to drug demand reduction. As a result, Department obligations directly related to drug demand reduction for the remaining ten Department programs were actually \$163 million, not the \$336 million reported in FY 2001.

In order to assess the effectiveness of Department drug demand reduction efforts, we analyzed the performance indicators established for each program. Our audit disclosed that none of the current performance indicators are adequate to measure the effectiveness of Department drug demand reduction programs. We also identified problems related to the data used to report results on performance indicators.

Our audit did not disclose significant duplication of drug demand reduction activities among Department components; however, because multiple programs address similar purpose areas, we recommended that the components have a mechanism for sharing information, resources, and technical assistance. We found that the Department has not established a formalized mechanism for sharing drug demand reduction program information among the components.

Finally, we found that the DEA's FY 2001 obligations dedicated to drug demand reduction consisted of only \$3 million (0.2 percent) of its total obligated funds. We recommended that the DEA evaluate how much it can reduce the demand for drugs with such a small percentage of its funding devoted to this effort.

Our report offers ten recommendations to help Department components ensure that reported demand reduction activities and funding are accurate and supported by adequate documentation. In addition, we recommend that the components develop verifiable and measurable outcome-based performance indicators for drug demand reduction programs and that the Department establish a formalized mechanism for coordinating and sharing information related to drug demand reduction activities.

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 reports based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the Department of Justice Annual Financial Statement for FY 2002.

For the second consecutive year, the Department received an unqualified opinion on all of its financial statements. Additionally, the number of material weaknesses reported declined from three to two. These results reflect a continued Department commitment to financial accountability and improvement in internal controls.

The Department's unqualified opinion also included unqualified opinions on all ten of the reporting components' financial statements that make up the consolidated report. Importantly, some components were able to reduce the number of material weaknesses and reportable conditions. In particular, the DEA eliminated the four material weaknesses reported in FY 2001.

Yet, while improvements in internal controls have been made, material weaknesses remain in financial accounting and reporting procedures and in information systems. These weaknesses have been persistent over the past several years. They represent significant risks that data processed on the Department's information systems is not adequately protected from unauthorized access or service disruption and that the Department will not be able to meet the accelerated reporting requirements in future years.

As in prior years, the issues related to financial accounting and reporting have only been overcome by significant year-end manual efforts. Many tasks had to be performed manually because the Department lacks automated systems to readily support ongoing accounting operations, financial statement preparation, and the audit process. Manual efforts compromise the ability of the Department to prepare financial statements timely and in accordance with generally accepted accounting principles, require considerable monetary and human resources, and represent an inefficient use of these resources. For future years, this process will be further strained by the accelerated due dates and additional requirements established by the Office of Management and Budget (OMB). Beginning with FY 2003, quarterly financial statements are due 45 days after the close of the quarter, and for FY 2004, the Performance and Accountability Report is due by November 15, 2004, nearly two and one-half months earlier than this year.

Overall, nine of ten 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. Eight of ten components also had weaknesses in financial management systems' general and application controls.

In the *Report on Compliance with Laws and Regulations*, the auditors also identified five 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.

The audit recommended that the Department make revisions to the Departmentwide financial statement reporting requirements and monitor components' compliance and efforts to correct all deficiencies noted. The Department concurred with the recommendations.

The table on the next page compares the FY 2002 and the FY 2001 audit results for the Department consolidated audit as well as for the ten individual component audits.

Comparison of FY 2002 and FY 2001 Audit Results

Reporting Entity	Auditors' Opinion On Financial Statements		Number of Material Weaknesses		Number of Reportable Conditions	
	2002	2001	2002	2001	2002	2001
Consolidated Department of Justice	Unqualified	Unqualified	2	3	0	0
Offices, Boards and Divisions	Unqualified	Unqualified	1	0	1	2
Assets Forfeiture Fund and Seized Asset Deposit Fund	Unqualified	Unqualified	0	0	1	0
Federal Bureau of Investigation	Unqualified	Unqualified	3	3	0	1
Drug Enforcement Administration	Unqualified	Unqualified	0	4	2	1
Office of Justice Programs	Unqualified	Unqualified	0	0	1	3
Immigration and Naturalization Service	Unqualified	Unqualified	3	3	0	1
U.S. Marshals Service	Unqualified	Unqualified	0	1	2	2
Federal Bureau of Prisons	Unqualified	Unqualified	0	0	2	0
Federal Prison Industries, Inc.	Unqualified	Unqualified	1	2	1	2
Working Capital Fund	Unqualified	Unqualified	1	0	0	0
Component Totals			9	13	10	12

Computer Security Audits in Response to GISRA

The *Government Information Security Reform Act* (GISRA) directs the OIG to perform an annual independent evaluation of the Department's information security program and practices. Our FY 2002 GISRA audits examined three classified and five SBU mission-critical Department computer systems. During this reporting period, we issued those eight individual FY 2002 GISRA audit reports on the FBI's Automated Case Support and DRUGX Trusted Guard; the USMS's Warrant Information Network and Witness Security Network; the INS's Central Index System and Integrated National Communications Network; OJP's Enterprise Network System; and the BOP's Inmate Telephone System II.

We also issued two individual audit reports that examined classified and SBU mission-critical Department computer systems originally scheduled as part of our FY 2001 GISRA review. These audit reports were issued on the FBI's Intelligence Information System Network and JMD's Justice Consolidated Network. Although they were conducted under slightly different OMB guidance applicable to the FY 2001 GISRA process, technical difficulties delayed their issuance until FY 2002.

Our audit results revealed progress by the Department, particularly with the revamping of the Chief Information Officer (CIO) position and initiatives undertaken by the new CIO. However, many deficiencies found in the FY 2001 GISRA reviews were found again in this year's review.

Our audit of the Department's systems – both the classified and SBU – revealed vulnerabilities with management, operational, and technical controls that protect each system and the data stored on it from unauthorized use, loss, or modification. Of these three control areas, we concluded that the vulnerabilities noted in technical controls are most significant because technical controls are used to prevent unauthorized access to system resources by restricting, controlling, and monitoring system access.

Additionally, our review of the Department's computer security management procedures identified inconsistencies in the oversight of computer security that we attribute to the bifur-

cation of responsibility between the Security and Emergency Planning Staff and Information Management and Security Staff offices in JMD. In fact, we found that reviews of the Department's systems are uneven or inadequate and major systems and applications lacked elemental protections that the Department's accreditation process is intended to ensure are in place. Based on these audit results, we remain concerned that the Department's functions and roles have not been centralized and clarified sufficiently to provide the vigorous enforcement oversight – supported by a substantial, technically proficient workforce – the Department needs.

Overall, our evaluation disclosed that the Department's IT security program requires improvement at both the Department and component levels. We assessed the Department's IT security program as "fair," using a scale of excellent, good, fair, and poor. This assessment takes into consideration the Department's computer security when the positive and negative features of its protections and controls are weighed in their totality at the time of this audit.

To address the deficiencies noted within Department systems, we recommend that components increase oversight, development documented procedures, and implement Department required system settings to improve computer security.

COPS Grant Audits

We continue to audit grants awarded by COPS. During this reporting period, we issued 24 audit reports on the implementation of COPS hiring and redeployment grants. Our audits identified more than \$17 million in questioned costs, and more than \$11 million in funds to better use. Examples of findings reported in our audits of COPS grants follow.

- ◆ The Honolulu, Hawaii, Police Department was awarded a COPS grant of more than \$9.3 million to redeploy 374 police officers into community policing activities through the purchase of laptop computers and implementation of computer-aided dispatch and automated field reporting. We determined that the Police Department charged costs to grant funds for computers that were either

missing or in storage at the time of our audit and had not fully implemented the grant project or redeployed any of the 374 police officers within the required period. As a result, we identified nearly \$7.5 million in questioned costs and recommended in excess of \$1.8 million be put to better use. We also identified \$17,595 in enhanced revenue resulting from the Police Department earning excess interest on advances in excess of the amount needed for immediate disbursement.

- ◆ The Albuquerque, New Mexico, Police Department was awarded more than \$12 million in COPS grants to hire 93 additional law enforcement officers and to redeploy 74 police officers into community policing activities through the hiring of civilians and purchase of equipment. We determined that the Police Department violated the non-supplanting requirement, charged unallowable and unsupported costs to grant funds, could not demonstrate redeployment of 34 officers into community policing, and will not retain 73 previously grant-funded positions for the required period. Consequently, we identified nearly \$4.2 million in questioned costs and recommended nearly \$3.5 million be put to better use.
- ◆ The Hopkins Park, Illinois, Police Department was awarded a \$577,673 COPS grant to hire ten additional law enforcement officers. We determined that the Police Department did not hire and maintain the required number of officers, charged unallowable costs to grant funds, and did not retain the grant-funded officer positions for as long as required. As a result, we identified \$577,673 in questioned costs.

Intergovernmental Jail Agreement Audit of Orleans Parish

The Department depends on state and local governments to provide detention space and services for federal prisoners and detainees. To obtain detention space and services, Department components enter into formal IGAs with state and local governments. The OIG completed an audit of the costs incurred by the Orleans Parish Criminal Sheriff's Office (OPCSO), New Orleans, Louisiana, to house INS detainees and USMS prisoners under

an IGA from October 1, 1999, through September 30, 2001.

During FYs 2000 and 2001, the Department paid the OPCSO \$10 million for 228,024 jail days. Our audit found that the jail day rate used during this period included costs that were unallowable, unallocable, or unsupported in accordance with OMB guidance. As a result, we found that the OPCSO overbilled the INS and USMS \$3.2 million during the 2-year period. We further calculated that if Department components used a jail day rate based on our audited rate, they could save approximately \$1.4 million annually on current and future IGAs with the OPCSO.

Investigations

- ◆ An Oklahoma death-row inmate pled guilty to charges of false statements in connection with a fraudulent claim he made to the September 11 Victims Compensation Fund. The Fraud Detection Office, assisted by the El Paso Field Office, developed evidence that the inmate submitted false statements purporting that his wife had been killed at the World Trade Center on September 11, 2001, when he applied for benefits under the program administered by the Department to compensate relatives of victims of the terrorist attacks. Judicial proceedings continue.
- ◆ The Fraud Detection Office and the Defense Criminal Investigative Service investigated allegations that Signal Communications Corporation (SIGCOM) made inaccurate certifications under the *Truth in Negotiations Act* and failed to pass on cost savings to the government in construction and telecommunications contracts with the Department of Defense and the BOP. In an agreement reached in the Middle District of North Carolina, SIGCOM settled a *False Claims Act* lawsuit with the United States by promising to pay \$300,000 for its actions.

The U.S. Trustee Program's Efforts to Prevent Bankruptcy Fraud and Abuse

The Executive Office for U.S. Trustees (EOUST), through regional U.S. Trustees (UST), manages the bankruptcy system and is largely responsi-

ble for maintaining the integrity of the system. Collectively, the EOUST and the USTs constitute the U.S. Trustee Program. The UST Program is the “watchdog” over the entire bankruptcy process and is responsible for promoting the efficiency of the bankruptcy system and securing the just, speedy, and economical resolution of bankruptcy cases. Given the vulnerability of the bankruptcy system to fraud and abuse and the UST Program’s stated role to deter and detect such fraud and abuse – especially during the current period of escalating bankruptcies – the OIG audited the UST Program.

We found that the USTs rely substantially on the initiative of private trustees and on tips to detect most fraud. The UST Program has begun initiatives to target certain types of fraud, specifically the use of false identities or false social security numbers and unscrupulous bankruptcy petition preparers. However, we found that the UST Program does not have an ongoing, systematic process to identify vulnerabilities in the bankruptcy system and it has not established uniform internal controls to detect common, higher-risk frauds such as a debtor’s failure to disclose all assets. In fact, the management controls in place did not address most fraud indicators and instead focused primarily on fraud that might be committed by trustees and their employees rather than by debtors.

In 1988 the UST Program established a Criminal Referral Tracking System for reporting performance measurement and monitoring fraud referrals to law enforcement authorities. However, we found that the tracking system, which depends on complete and accurate data submissions by UST regional offices, was inaccurate. The usefulness of the system was limited because of inaccurate, missing, or inconsistent data, lack of standard data protocols, and lack of review by UST and EOUST personnel. In addition, the system did not record data on the USTs’ efforts to investigate bankruptcy fraud cases.

Among the recommendations we made to the EOUST are to establish a uniform system of management controls to prevent and detect the more common and higher risk frauds such as concealment of assets; ensure uniform, complete, and timely reviews of trustees’ reports; provide specific guidance, performance expecta-

tions, and enhanced training for trustees if they are to bear primary responsibility for preventing and detecting fraud; improve the accuracy, completeness, and consistency of the data in the National Tracking and Management System; and establish a nationwide data system, or adapt an existing data system, to track civil enforcement actions.

Trustee Audits

The OIG contributes to the integrity of the bankruptcy program by conducting performance audits of trustees under a reimbursable agreement with the EOUST. During this reporting period, we issued 35 reports on the Chapter 7 bankruptcy practices of private trustees under Title 11, United States Code (Bankruptcy Code).

The Chapter 7 trustees are appointed to collect, liquidate, and distribute personal and business cases under Chapter 7 of the Bankruptcy Code. As a representative of the bankruptcy estate, the Chapter 7 trustee serves as a fiduciary protecting the interests of all estate beneficiaries, including creditors and debtors.

The OIG conducts performance audits on Chapter 7 trustees to provide U.S. Trustees with an assessment of the trustees’ compliance with bankruptcy laws, regulations, rules, and the requirements of the *Handbook for Chapter 7 Trustees*. Additionally, the audits assess the quality of the private trustees’ accounting for bankruptcy estate assets, cash management practices, bonding, internal controls, file maintenance, and other administrative practices.

Our audits found that some trustees were deficient in documenting monthly bank reconciliations of estate accounts, maintaining receipts logs, investing estate funds properly, depositing estate funds timely and in appropriate accounts, developing disaster recovery plans for financial and administrative records, implementing computer security, separating cash handling and recording duties, and maintaining support and authorization for receipts and disbursements.

Single Audit Act

The *Single Audit Act of 1984*, as amended, requires recipients of more than \$300,000 in federal funds to arrange for audits of their activities. Federal

agencies that award federal funds must review these audits to determine whether prompt and appropriate corrective action has been taken in response to audit findings. During this reporting period, the OIG reviewed and transmitted to OJP 46 reports encompassing 200 Department contracts, grants, and other agreements totaling more than \$41 million. These audits report on financial activities, compliance with applicable laws, and the adequacy of recipients' management controls over federal expenditures.

Ongoing Work

Treatment of September 11 Detainees

In furtherance of our responsibilities under the USA PATRIOT Act, the OIG is completing its review of the Department's treatment of detainees held on immigration charges in connection with the September 11, 2001, terrorist attacks. We are assessing the detainees' conditions of confinement at two facilities – the BOP's Metropolitan Detention Center in Brooklyn, New York, and the Passaic County Jail in Paterson, New Jersey. Among the issues we examined are allegations of physical and verbal abuse, restrictions on visitation, medical care, duration of detention, and housing conditions. In addition, we examined a variety of other matters related to the September 11 detainees, including their access to legal counsel and the government's timing for issuing immigration charges, and procedures related to immigration hearings, bonds, and deportation and removals.

Integration of the INS's and FBI's Fingerprint Systems

This review is a follow-up to our report, *Status of IDENT/IAFIS Integration*, issued in December 2001. That report provided an overview of efforts to integrate the INS's Automated Biometric Fingerprint Identification System (IDENT) with the FBI's Integrated Automated Fingerprint Identification System (IAFIS). This follow-up review will identify progress made in integrating IDENT and IAFIS, the status of future integration plans, and issues that confront the timely and successful integration of the two systems.

Protection of Critical Cyber-Based Infrastructure

This audit, the third in a 4-phase effort by 21 OIGs, focuses on the Department's plans for protecting its critical cyber-based infrastructures. We are reviewing the Department's plans for mitigating risks, managing emergencies, coordinating resources with other agencies, meeting resource and organizational requirements, and recruiting, educating, and maintaining awareness related to protecting critical cyber-based infrastructures.

The Department's Counterterrorism Fund

Congress established the Department of Justice Counterterrorism Fund (Fund) in July 1995 to reimburse Department components for the costs incurred in reestablishing the operational capabilities of facilities damaged through terrorist acts. The Fund is to be used for the payment of expenses beyond what a component's appropriation could reasonably be expected to fund. This audit is assessing whether Fund expenditures for FYs 1998 through 2002 were authorized, supported, and used in accordance with the intent of the law and whether reimbursement agreements were finalized in an expeditious manner and excess funds deobligated.

Streamlining of Administrative Activities and Grant Functions

From FY 1993 through FY 2002, OJP and COPS awarded more than \$37 billion in grants. OJP has five bureaus and six program offices that manage grant funds. COPS awards grants under numerous programs to fund community policing across the country. This audit is reviewing the administrative activities and grant functions within OJP and between COPS and OJP to determine whether there are activities and functions that could be streamlined to increase operational efficiency.

Audit of the September 11th Victim Compensation Fund

Congress established the September 11th Victim Compensation Fund (the Fund) in September 2001 as part of the *Air Transportation*

Safety and Stabilization Act “to provide compensation to any individual (or relatives of a deceased individual) who was physically injured or killed as a result of the terrorist-related aircraft crashes of September 11, 2001.” In exchange for compensation from the Fund, claimants waive their rights to file civil actions for damages from the terrorist attacks. This audit is assessing the consistency and timeliness of the award process and the effectiveness of the fraud controls used to identify fraudulent claims.

Audit Follow-Up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-Up*, requires audit reports to be resolved within six months of the audit report issuance date. The OIG monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2003, the OIG had closed 193 audit reports and was monitoring the resolution process of 449 open audit reports.

Unresolved Audits

Audits Over Six Months Old Without Management Decisions or in Disagreement

As of March 31, 2003, the following audits had no management decision or were in disagreement:

- ◆ COPS Grants to American University
- ◆ COPS Grants to Dallas, Texas, Police Department
- ◆ COPS Grants to Texas Tech University Police Department, Lubbock, Texas
- ◆ COPS Grants to the Amtrak Police Department
- ◆ COPS Grants to the Fort Collins, Colorado, Police Department
- ◆ COPS Grants to the Frederick County, Maryland, Sheriff’s Department
- ◆ COPS Grants to the Milpitas, California, Police Department
- ◆ COPS Grants to the Picuris Pueblo, New Mexico, Police Department
- ◆ COPS Grants to the San Jose, California, Police Department
- ◆ COPS Grants to the Town of Hampden, Massachusetts, Western Massachusetts Law Enforcement Council Consortium
- ◆ Departmental Critical Infrastructure Protection – Planning for the Protection of Physical Infrastructure
- ◆ Independent Evaluation Pursuant to the *Government Information Security Reform Act* Fiscal Year 2001 – The Federal Bureau of Investigation Headquarters and Clarksburg, West Virginia, Data Centers Administrative and Investigative Mainframe Systems
- ◆ U.S. Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Government of Guam

Unresolved Reviews

Department of Justice 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, 2003, there are no unresolved reports.

Congressional Testimony

The IG testified before the Senate Judiciary Committee's Subcommittee on Technology, Terrorism, and Government Information on October 9, 2002, about the OIG's audit of the FBI's counterterrorism program. The full 131-page audit (classified at the "Secret" level) was provided to the Department, the FBI, and congressional oversight committees, and the OIG publicly released an unclassified executive summary that highlighted our major findings and recommendations.

The IG testified that the FBI had not developed a comprehensive written assessment of the risk of a

terrorist threat facing the United States despite its statement to Congress in 1999 that it would. The OIG audit concluded that such an assessment would be useful not only to define the nature, likelihood, and severity of the threat, but also to identify intelligence gaps that needed to be addressed. Moreover, a comprehensive, written threat and risk assessment would be useful in determining where to allocate attention and resources – both within the FBI and government-wide – on programs and initiatives to combat terrorism.

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 or 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 legislative initiatives, including draft appropriations bills and legislation creating the DHS.

In addition, the *21st Century Department of Justice Appropriations Authorization Act* (P.L. 107-273), enacted on November 2, 2002, codified in statute the OIG's authority to investigate allegations of misconduct throughout the Department, includ-

ing in the FBI. The Act also directed the IG to develop a plan for oversight of the FBI to include audits of the FBI's financial, information technology, and computer security systems as well as a plan to investigate allegations of misconduct by FBI personnel. The OIG submitted its oversight plan to the House and Senate Committees on the Judiciary on December 2, 2002.

Statistical Information

Audit Statistics

Audit Summary

During this reporting period, the Audit Division issued 129 audit reports containing more than \$25 million in questioned costs and \$14 million in funds to better use, and made 380 recommendations for management improvement. Specifically, the Audit Division issued 18 internal reports of programs funded at more than \$377 million; 30 external reports of contracts,

grants, and other agreements funded at more than \$365 million; 35 audits of bankruptcy trustees with responsibility for funds of more than \$62 million; and 46 Single Audit Act audits. In addition, the Audit Division issued one Management Improvement Memorandum, four Notifications of Irregularities, and two Management Letter Transmittals.

Funds Recommended to be Put to Better Use

Audit Reports	Number of Audit Reports	Funds Recommended to be Put to Better Use
No management decision made by beginning of period	3	\$3,688,893
Issued during period	16	\$14,576,087
Needing management decision during period	19	\$18,264,980
Management decisions made during period:		
◆ Amounts management agreed to put to better use ¹	7 ¹	\$1,317,812
◆ Amounts management disagreed to put to better use	0	\$0
◆ Amounts transferred to the Department of Homeland Security OIG to follow up on open INS recommendations	3	\$1,303,344
No management decision at end of period	12	\$15,643,824

¹ Includes three audit reports that were not resolved during this reporting period because management has agreed with some, but not all, of the questioned costs in the audits.

Audits With Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	39	\$21,162,774	\$1,757,743
Issued during period	29	\$25,577,163	\$1,930,371
Needing management decision during period	68	\$46,739,935	\$3,688,114
Management decisions made during period:			
◆ Amount of disallowed costs ¹	43 ²	\$8,346,816	\$1,002,319
◆ Amount of costs not disallowed	2	\$944,828	\$0
◆ Amount transferred to the Department of Homeland Security OIG to follow up on open INS recommendations	5	\$10,416,273	\$0
No management decision at end of period	24	\$26,696,455	\$2,685,795

¹ Includes instances where management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

² Includes six audit reports that 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 Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	65	141
Issued during period	78	380
Needing management decision during period	143	521
Management decisions made during period:		
◆ Number management agreed to implement ¹	109 ²	367
◆ Number management disagreed with	0	0
◆ Number transferred to the Department of Homeland Security OIG to follow up on open INS recommendations	7	63
No management decision at end of period	30	91

¹ Includes instances where management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

² Includes three 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.

Evaluation and Inspections Statistics

The chart below summarizes the Evaluation and Inspections Division accomplishments for the 6-month reporting period ending March 31, 2003.

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

Investigations Statistics

During this reporting period, the Investigations Division received 5,413 complaints. It opened 255 investigations and closed 354. OIG agents made 108 arrests involving 37 Department employees, 64 civilians, and 7 Department contract personnel. Convictions resulted in 67 individuals receiving sentences up to life imprisonment and \$429,081 in fines, recoveries, and orders of restitution. As a result of OIG investigations, 21 employees and 9 contract employees received disciplinary action, including 18 who were terminated. In addition, 20 employees and 4 contract employees resigned either during or at the conclusion of OIG investigations.

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2003.

Source of Allegations

Hotline (telephone and mail)	673
Other sources	4,740
Total allegations received	5,413

Investigative Caseload

Investigations opened this period	255
Investigations closed this period	354
Investigations in progress as of 3/31/03	527

Prosecutive Actions

Criminal indictments/informations	74
Arrests	108
Convictions/Pleas	75

Administrative Actions

Terminations	18
Resignations	24
Disciplinary action	12

Monetary Results

Fines/Restitutions/Recoveries	\$429,081
Seizures	\$212,913
Bribe monies deposited to the Treasury	\$9,531

Integrity Awareness Briefings

OIG investigators conducted 68 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. During this reporting period, the briefings reached more than 2,635 employees.

Appendix 1

AUDIT DIVISION REPORTS

October 1, 2002 – March 31, 2003

INTERNAL AND EXTERNAL AUDIT REPORTS

COPS Grant to the Hopkins Park, Illinois, Police Department

COPS Grants to the Placer County, California, Sheriff's Department

COPS Grants to the Albuquerque, New Mexico, Police Department

COPS Grants to the Chicago, Illinois, Police Department

COPS Grants to the City of Murfreesboro, Tennessee, Police Department

COPS Grants to the City of Plainfield, New Jersey, Police Division

COPS Grants to the City of Tuscaloosa, Alabama, Police Department

COPS Grants to the Clovis, California, Police Department

COPS Grants to the Delaware State Police Consortium

COPS Grants to the Doña Ana County, New Mexico, Sheriff's Department

COPS Grants to the El Cajon, California, Police Department

COPS Grants to the El Dorado County, California, Sheriff's Department

COPS Grants to the Fulton County, Georgia, Police Department

COPS Grants to the Hawaii County, Hawaii, Police Department

COPS Grants to the Honolulu, Hawaii, Police Department

COPS Grants to the Howard County, Maryland, Police Department

COPS Grants to the Merced County, California, Sheriff's Department

COPS Grants to the Modesto, California, Police Department

COPS Grants to the Orange County, Florida, Sheriff's Office

COPS Grants to the Oxnard, California, Police Department

COPS Grants to the Paterson, New Jersey, Police Department

COPS Grants to the Prince William County, Virginia, Police Department

COPS Grants to the Redding, California, Police Department

COPS Grants to the Sonoma County, California, Sheriff's Department

Follow-up Audit of the Immigration and Naturalization Service's Airport Inspection Facilities

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Office of Justice Program's Enterprise Network

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The U.S. Marshals Service's Witness Security Network

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The U.S. Marshals Service's Warrant Information Network

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Bureau of Prisons’ Inmate Telephone System II

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Federal Bureau of Investigation’s DRUGX Interactive Trusted Guard

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Federal Bureau of Investigation’s Automated Case Support System

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Immigration and Naturalization Service’s Central Index System

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2002 – The Immigration and Naturalization Service’s Integrated National Communications Network

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2001 – The Justice Management Division’s Justice Consolidated Network

Independent Evaluation Pursuant to the Government Information Security Reform Act Fiscal Year 2001 – The Federal Bureau of Investigation’s Intelligence Information System Network

Indirect Cost Rate Audit of the Corrections Corporation of America, Nashville, Tennessee

OJP Grant to Administer the Victim of Crime Assistance Program for the Alabama Department of Economic and Community Affairs

OJP Grant to Administer the Victim of Crime Assistance Program for the North Carolina Department of Crime Control and Public Safety

OJP Grant to the Correctional Facilities on Tribal Lands, Red Lake Band of Chippewa Indians

Reemployment of Annuitants by the Immigration and Naturalization Service System

The Department of Justice Annual Financial Statement for Fiscal Year 2002

The Department of Justice Drug Demand Reduction Activities

The Federal Bureau of Investigation’s Management of Information Technology Investments

The Immigration and Naturalization Service and the United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Orleans Parish, Louisiana, Criminal Sheriff’s Office

The Immigration and Naturalization Service’s Premium Processing Program

The Immigration and Naturalization Service’s Primary Inspections at Air Ports of Entry

The U.S. Trustee Program’s Efforts to Prevent Bankruptcy Fraud and Abuse

The Use of Equitable Sharing of Revenues by the Kings County New York, District Attorney’s Office

TRUSTEE AUDIT REPORTS

Performed under a reimbursable agreement with the
Executive Office for U.S. Trustees

Chapter 7 Trustee Marc H. Baer	Chapter 7 Trustee John M. McDonnell
Chapter 7 Trustee Carlota M. Bohm	Chapter 7 Trustee Timothy D. Moratzka
Chapter 7 Trustee Paul Cames	Chapter 7 Trustee Richard D. Nelson
Chapter 7 Trustee Donna Christie	Chapter 7 Trustee James A. Nolan
Chapter 7 Trustee Carolyn J. Cooley	Chapter 7 Trustee Thomas J. O'Neal
Chapter 7 Trustee Richard L. Cox	Chapter 7 Trustee William F.E. Pineo
Chapter 7 Trustee Suzanne L. Decker	Chapter 7 Trustee John W. Ragsdale, Jr.
Chapter 7 Trustee Nicholas J. Delzotti	Chapter 7 Trustee John H. Ring III
Chapter 7 Trustee Thomas A. Dorey	Chapter 7 Trustee Jose C. Rodriguez
Chapter 7 Trustee Charles L.J. Freihofer	Chapter 7 Trustee Paul H. Spaeth
Chapter 7 Trustee Kimberly Gilbert	Chapter 7 Trustee George W. Stevenson
Chapter 7 Trustee Steven H. Greenfeld	Chapter 7 Trustee Thomas R. Tibble
Chapter 7 Trustee Clyde C. Hardesty	Chapter 7 Trustee Robert O. Tyler
Chapter 7 Trustee Eleanor B. Haynes	Chapter 7 Trustee John E. Venn, Jr.
Chapter 7 Trustee Donald G. Henderson	Chapter 7 Trustee Robbye R. Waldron
Chapter 7 Trustee Jeanne Y. Jagow	Chapter 7 Trustee Darcy D. Williamson
Chapter 7 Trustee Donald R. Lassman	Chapter 7 Trustee Joseph V. Womack
Chapter 7 Trustee William A. Leonard	

SINGLE AUDIT ACT REPORTS OF DEPARTMENT OF JUSTICE ACTIVITIES

Bowie County, Texas
Lafayette, Louisiana Parish Sheriff
Macon County, Illinois
Oklahoma City National Memorial Institute for the Prevention of Terrorism
Oklahoma Police Chief's Training Foundation, Inc.
Orleans Parish, Louisiana, Juvenile Court
Osage Tribal Council, Pawhuska, Oklahoma
Pulaski County, Arkansas, Federal Programs
Seminole County, Oklahoma
The Brockton Family and Community Resources, Inc.
The City of Abington, Massachusetts
The City of Albuquerque, New Mexico
The City of Austin, Texas
The City of Bay St. Louis, Mississippi
The City of Brownsville, Texas
The City of Coral Gables, Florida
The City of Fall River, Massachusetts
The City of Fort Worth, Texas
The City of Galveston, Texas
The City of Hammond, Louisiana
The City of Humble, Texas
The City of Jonesboro, Arkansas, Police Department
The City of Little Rock, Arkansas
The City of Naperville, Illinois
The City of New Orleans, Louisiana
The City of Port Lavaca, Texas
The City of Sunbury, Pennsylvania
The City of Sunland Park, New Mexico
The City of Union City, New Jersey
The Council of Juvenile Correctional Administrators, Inc.
The Legislative Service Bureau
The Municipality of Trujillo Alto, Puerto Rico
The National Detention Association, Inc.
The National Fatherhood Initiative
The New England State Police Information Network, Inc.
The Pueblo of Tesuque, New Mexico
The State of New Mexico Third Judicial District
The Town of Cheektowaga, New York
The Town of Manchester, Connecticut
The Town of Mt. Gilead, North Carolina
The Town of North Reading, Massachusetts
The Town of St. Gabriel, Louisiana
The Town of Tabor City, North Carolina
The Township of Hamilton, New Jersey
The University of New Mexico
The Vera Institute of Justice, Inc.

AUDIT DIVISION REPORTS**October 1, 2002 – March 31, 2003**

Quantifiable Potential Monetary Benefits			
Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
COPS Grants to the Albuquerque, New Mexico, Police Department	\$4,152,447		\$3,468,218
COPS Grants to the Chicago, Illinois, Police Department	\$1,140,823		\$3,585,412
COPS Grants to the City of Murfreesboro, Tennessee, Police Department	\$1,117,521		\$78,546
COPS Grants to the City of Plainfield, New Jersey, Police Department	\$147,893		\$91,918
COPS Grants to the City of Tuscaloosa, Alabama, Police Department	\$17,081	\$11,655	\$5,538
COPS Grants to the Clovis, California, Police Department	\$1,999		
COPS Grants to the Dona Ana County, New Mexico, Sheriff's Department	\$99,658	\$99,658	\$5,696
COPS Grants to the El Dorado, California, Sheriff's Department	\$627,648		\$52,834
COPS Grants to the Fulton County, Georgia, Police Department	\$3,829		
COPS Grants to the Hawaii City, Hawaii, Police Department	\$32,128		
COPS Grants to the Honolulu, Hawaii, Police Department	\$7,457,137		\$1,865,363
COPS Grants to the Hopkins Park, Illinois, Police Department	\$577,673		
COPS Grants to the Howard County, Maryland, Police Department			\$66,253
COPS Grants to the Merced County, California, Sheriff's Department	\$132,944		
COPS Grants to the Modesto, California, Police Department	\$206,355		

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
COPS Grants to the Orange County, Florida, Sheriff's Office	\$160,282	\$33,309	
COPS Grants to the Oxnard, California, Police Department	\$88,533		\$148,710
COPS Grants to the Paterson, New Jersey, Police Department	\$1,083,338	\$238,675	\$1,987,663
COPS Grants to the Prince William County, Virginia, Police Department	\$184,859		\$24,053
COPS Grants to the Redding, California, Police Department	\$55,535		
COPS Grants to the Sonoma County, California, Sheriff's Department	\$36,800		\$378,340
Immigration and Naturalization Service and U.S. Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Orleans Parish, Louisiana, Sheriff's Office	\$3,231,941		\$1,392,859
Indirect Cost Rate Audit of Correctional Corporation of America, Nashville, Tennessee			\$1,310,381
OJP Grant to Administer the Victims of Crime Assistance Program for the North Carolina Department of Crime Control and Public Safety	\$1,115,572		
OJP Grant to the Correctional Facilities on Tribal Land, Red Lake Band of Chippewa Indians	\$1,831,866	\$1,220,604	\$114,303
Seminole County, Oklahoma	\$63,000	\$63,000	
The City of Fort Worth, Texas	\$1,229,275		
The Municipality of Trujillo Alto, Puerto Rico	\$83,274		
The National Detention Association, Inc.	\$5,492		
The Town of Cheektowaga, New York	\$174,230	\$174,230	
The Use of Equitable Sharing of Revenues by the Kings County, New York District Attorney's Office	\$518,030	\$89,180	
Total	\$25,577,163	\$1,930,311	\$14,576,087

Appendix 2

Glossary of Terms

The following are definitions of specific terms as they are used in the report.

A-File: The history file maintained by the INS that contains all data and documents pertaining to an individual. Also referred to as an Alien file.

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

Arrival-Departure Record (I-94): Form provided to each nonimmigrant visitor to the United States that contains the alien's date of arrival, class of admission, and date of departure.

External Audit Report: The results of audits and related reviews of expenditures made under Department of Justice 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 of Justice 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; and/or result in a conflict of interest.

Nonresidential Drug Treatment: Services provided in a correctional facility that are similar to out-patient counseling and consist of group and individual counseling.

Port of Entry: Any location in the United States or its territories that is designated as a point of entry for aliens and U.S. citizens.

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

Questioned Cost: 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 establishment 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 establishment, 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, which could adversely affect the entity's ability to properly report financial data.

Secondary Inspection: A secondary inspection at a port of entry allows an INS inspector to conduct a more in-depth review of a traveler's documents and perform tasks that cannot be completed within the limited time frame of the primary inspection.

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 component's financial statements.

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

Appendix 3

ACRONYMS AND ABBREVIATIONS

The following are acronyms and abbreviations used in the report.

ATF	Bureau of Alcohol, Tobacco and Firearms	OIG	Office of the Inspector General
BOP	Federal Bureau of Prisons	OJP	Office of Justice Programs
COPS	Office of Community Oriented Policing Services	OMB	Office of Management and Budget
DEA	Drug Enforcement Administration	OPR	Office of Professional Responsibility
Department	U.S. Department of Justice	SBU	Sensitive but unclassified
DHS	Department of Homeland Security	SEVIS	Student and Exchange Visitor Information System
EAD	Employment Authorization Document	USAO	U.S. Attorney's Office
EOUST	Executive Office for U.S. Trustees	USMS	U.S. Marshals Service
FBI	Federal Bureau of Investigation	USP	U.S. Penitentiary
FCI	Federal Correctional Institution	UST	U.S. Trustees
FY	Fiscal year		
IG	Inspector General		
IG Act	Inspector General Act of 1978, as amended		
IGA	Intergovernmental Service Agreement		
INS	Immigration and Naturalization Service		
IT	Information technology		
JMD	Justice Management Division		
NARB	New Agent Review Board		

Appendix 4

Reporting Requirements Index

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

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	33
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	6-32
Section 5(a)(2)	Significant Recommendations for Corrective Actions	7-32
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	32
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	9-10, 16-19, 21-23, 29
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	38-43
Section 5(a)(7)	Summary of Significant Reports	7-32
Section 5(a)(8)	Audit Reports—Questioned Costs	35
Section 5(a)(9)	Audit Reports—Funds to be Put to Better Use	34
Section 5(a)(10)	Prior Audit Reports Unresolved	32
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, and abuse

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

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

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

E-Mail: oig.hotline@usdoj.gov

Hotline: 1-800-869-4499

Facsimile: (202) 616-9898

Report violations of civil rights/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

Hotline: (800) 869-4499

Hotline fax: (202) 616-9898

On-Line Report Availability

Many audit, evaluation and inspection, and special reports are available at the following Internet address:

www.usdoj.gov/oig.

In addition, other materials are available through the Inspectors General Network's World Wide Web server at: www.ignet.gov/.

For additional copies of this report or copies of previous editions, write:

DOJ/OIG/M&P
1425 New York Avenue, NW
Suite 7000
Washington, DC 20530

Or call:
(202) 616-4550

Department of Justice
Office of the Inspector General

Established April 14, 1989