A MESSAGE FROM THE ATTORNEY GENERAL

November 13, 2007

It is a pleasure for me to once again be associated with the Department of Justice. I look forward to working together with the many dedicated public servants throughout the Department to fulfill its important mission. The challenges facing the Department today are different from those it faced when I first served here 35 years ago. Today, we are confronted by the threat of terrorism and international instability. Our laws and system of justice are evolving to meet new challenges. Regardless of the changes, I know that the dedication, skill, and professionalism of the Department's employees has not changed and I look forward to working with them to confront the challenges.

Preventing terrorism and promoting the Nation's security are the Department's primary goals and we will continue every effort to meet these. Already, the Department disrupts terrorist threats through intelligence gathering, investigation, and aggressive prosecution. The Department remains committed to further developing its capacity to investigate terrorism and to identify, disrupt, and dismantle terrorist cells, plots, and financing within the United States and abroad. We cannot accomplish this alone. Therefore, the Department continues to strengthen partnerships with other federal agencies and State, local, and foreign governments.

The Department also works in partnership with State and local law enforcement to protect our communities from crime. We are working with communities to control drug trafficking, gangs and illegal guns, and to ensure federal prosecution in cases best handled in the federal system. We have applied this partnership model to other areas as well. Through Project Safe Childhood, a combined federal, State, and local initiative to end online exploitation of children, we have increased prosecutions of child pornographers by 20 percent in the last year. We have likewise promoted integrity in the marketplace and in public service by pursuing corporate fraud and public corruption with great vigor.

While the Department works to fulfill its vital missions of fighting terrorism and crime, it is committed to maintaining strong program and fiscal management. Prepared pursuant to the Reports Consolidation Act of 2000 and guidance in Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, the FY 2007 Department of Justice *Performance and Accountability Report* contains our performance report, as required by the Government Performance and Results Act; our audited consolidated financial statements, as required by the Chief Financial Officers Act and the Government Management Reform Act; and a statement of assurance regarding our internal control and financial management systems, as required by the Federal Managers' Financial Integrity Act (FMFIA).

The Department again earned an unqualified audit opinion on our financial statements as of September 30, 2007. For the third year in a row, all of the Department's components that produce financial statements received an unqualified opinion. For the first time in DOJ history, the Department had no material weaknesses in financial controls or information systems (IT) controls at the consolidated level. At the component level, six components had no material weaknesses, and two components with prior-year accounting or IT material weaknesses were able to successfully eliminate or reduce those weaknesses. While we demonstrated noteworthy progress, the Department is committed to correcting all remaining deficiencies.

The Department conducted its annual assessment of internal controls over program operations, and also conformance with financial management systems requirements. The program assessment identified two material weaknesses: one related to prison crowding and the other related to the

Federal Bureau of Investigation's use of National Security Letters. Based on this assessment, I can provide qualified assurance that our program internal controls met the objectives of Section 2 of the FMFIA. The assessment did not identify any substantial systems non-conformances required to be reported under Section 4 of FMFIA. I can provide reasonable assurance that our internal control over financial reporting met the objectives of OMB Circular A-123, Appendix A.

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

Michael B. Mukasey

PAR

U.S. Department of Justice – FY 2007
Performance and Accountability Report

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PAR Introduction

This Report's Purpose and Reporting Process

This Performance and Accountability Report (PAR) for fiscal year (FY) 2007 provides financial and performance information, enabling the President, Congress, and the American public to assess the annual performance of the Department of Justice (DOJ or the Department).

This report is prepared under the direction of the Department's Chief Financial Officer (CFO). The financial statements contained within this report are prepared by the Department's Justice Management Division, Finance Staff, and audited by the Office of the Inspector General (OIG). This report includes the Department's financial statements for the preceding fiscal year (FY 2006) and reports on all accounts and associated activities of each office, bureau, and activity of the Department. The Department's FY 2007 audited financial statements have been consolidated based upon the results of audits undertaken in each of the nine departmental reporting entities.

The Department continues to enforce vigorously the broad spectrum of laws of the United States; notably, the fight against terrorism continues to be the first and overriding priority of the Department. In FY 2007, the Attorney General announced the Department's Strategic Plan for FYs 2007-2012 (available electronically on the Department's website at: http://www.usdoj.gov/jmd/mps/strategic2007-2012/index.html). This Strategic Plan includes three strategic goals and related objectives that are mentioned throughout this report.

Organization of the Report

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

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

Section II – FY 2007 Performance Report: This section provides the Department's FY 2007 Performance Report on key measures. This section also provides a summary discussion of the Department's three strategic goals, and reports on the key measures by detailing the program objective, FY 2007 target and actual performance, as well as a discussion section explaining whether the target was or was not achieved. In addition, this section provides an update on our progress towards meeting our FY 2012 long-term outcome goals.

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

Section IV – Management Section: This section provides information on progress made in each of the areas under the President's Management Agenda in FY 2007. This section also outlines progress the Department is making with the OMB Program Assessment Rating Tool (PART) process. Lastly, this section includes the OIG's Top Management and Performance Challenges in the Department of Justice and the Department management's response, along with the corrective action plans for the internal control weaknesses as required by FMFIA.

Appendices: (A) the OIG Audit Division analysis and summary of actions necessary to close the FY 2007 annual financial statement audit report; (B) the Department's financial structure; (C) the Improper Payments Information Act reporting details; (D) the FY 2007 financial management status report and five-year plan summary; (E) a list of major program evaluations completed during FY 2007; (F) an intellectual property report; (G) a list of acronyms; and (H) a list of Department websites.

This report is available at: http://www.usdoj.gov/ag/annualreports/pr2007/TableofContents.htm

Compliance with Legislated Reporting Requirements

This report meets the following legislated reporting requirements:

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

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

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

Government Management and Reform Act (GMRA) of 1994 – Requires an audit of agency financial statements

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

Reports Consolidation Act of 2000 – Authorizes the consolidation of certain financial and performance management reports of federal agencies in an annual Performance and Accountability Report

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

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

Section I Management's Discussion and Analysis (Unaudited)

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

The mission of the Department of Justice, as reflected in its Strategic Plan for the fiscal years (FY) 2007-2012, is as follows:

Mission

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

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

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

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

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

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

Strategic Goals and Objectives

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the notion that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle. This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. In FY 2007, the Attorney General issued a revised Strategic Plan for FYs 2007-2012. (The Strategic Plan is available electronically on the Department's website at: http://www.usdoj.gov/jmd/mps/strategic2007-2012/index.html.).

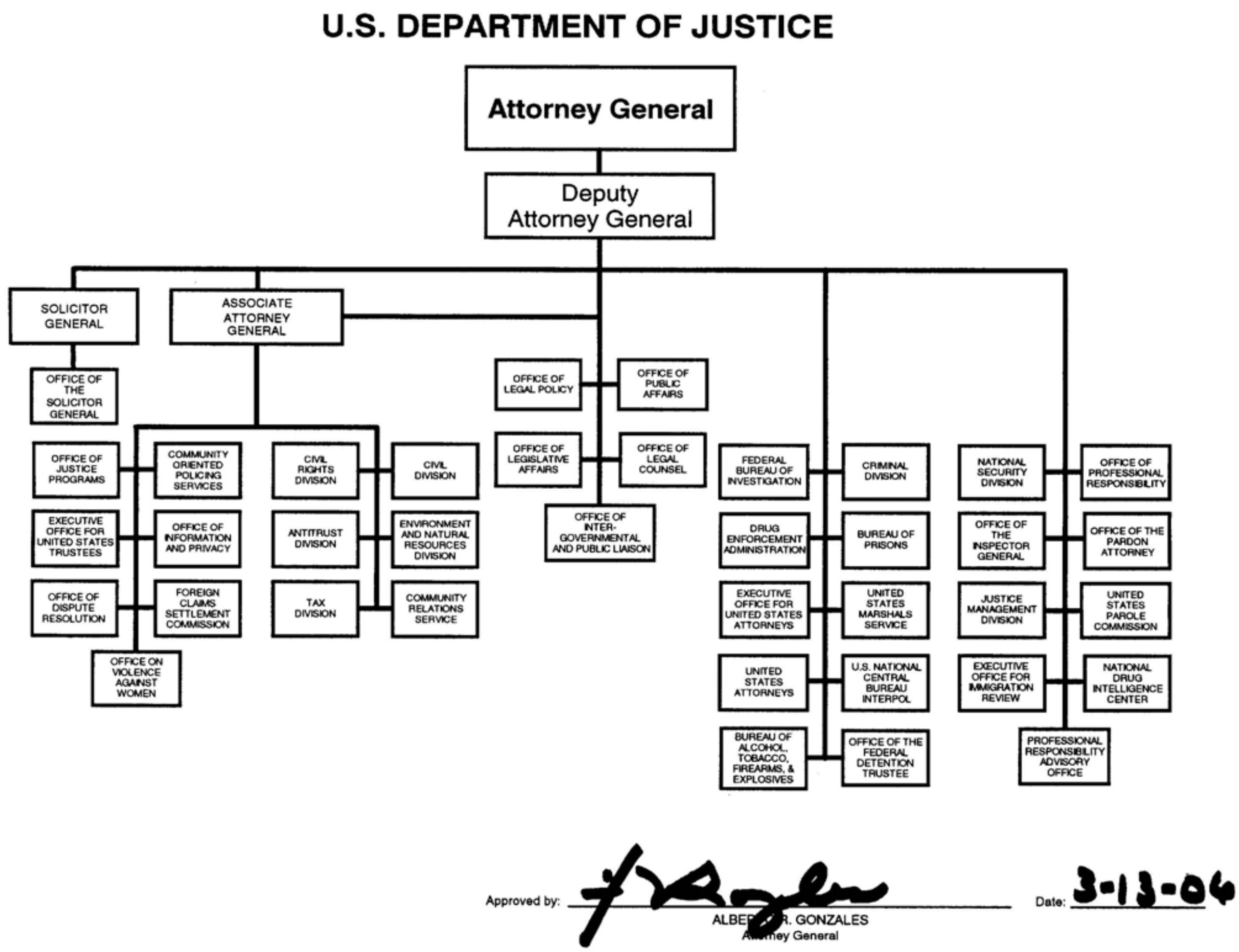
The table below provides an overview of the Department's strategic goals and objectives.

Strategic Goal		Strategic Objectives
I	Prevent Terrorism and Promote the Nation's Security	**1.1** Prevent, disrupt, and defeat terrorist operations before they occur **1.2** Strengthen partnerships to prevent, deter, and respond to terrorist incidents **1.3** Prosecute those who have committed, or intend to commit, terrorist acts in the United States **1.4** Combat espionage against the United States
II	Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People	**2.1** Strengthen partnerships for safer communities and enhance the Nation's capacity to prevent, solve, and control crime **2.2** Reduce the threat, incidence, and prevalence of violent crime **2.3** Prevent, suppress, and intervene in crimes against children **2.4** Reduce the threat, trafficking, use, and related violence of illegal drugs **2.5** Combat public and corporate corruption, fraud, economic crime, and cybercrime **2.6** Uphold the civil and Constitutional rights of all Americans **2.7** Vigorously enforce and represent the interests of the United States in all matters over which the Department has jurisdiction **2.8** Protect the integrity and ensure the effective operation of the Nation's bankruptcy system
III	Ensure the Fair and Efficient Administration of Justice	**3.1** Protect judges, witnesses, and other participants in federal proceedings, and ensure the appearance of criminal defendants for judicial proceedings or confinement **3.2** Ensure the apprehension of fugitives from justice **3.3** Provide for the safe, secure, and humane confinement of detained persons awaiting trial and/or sentencing and those in the custody of the Federal Prison System **3.4** Provide services and programs to facilitate inmates' successful reintegration into society, consistent with community expectations and standards **3.5** Adjudicate all immigration cases promptly and impartially in accordance with due process **3.6** Promote and strengthen innovative strategies in the administration of State and local justice systems **3.7** Uphold the rights and improve services to America's crime victims

Organizational and Financial Structure

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

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

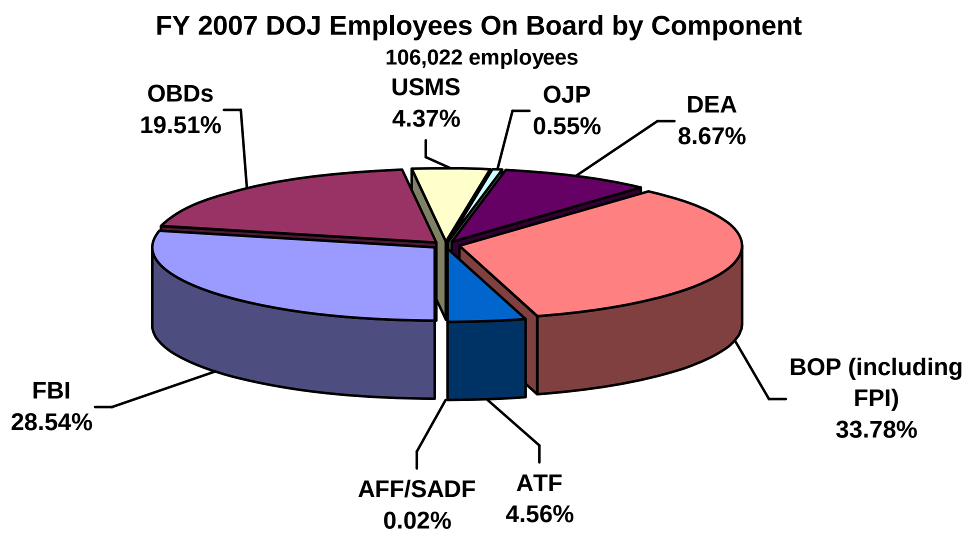


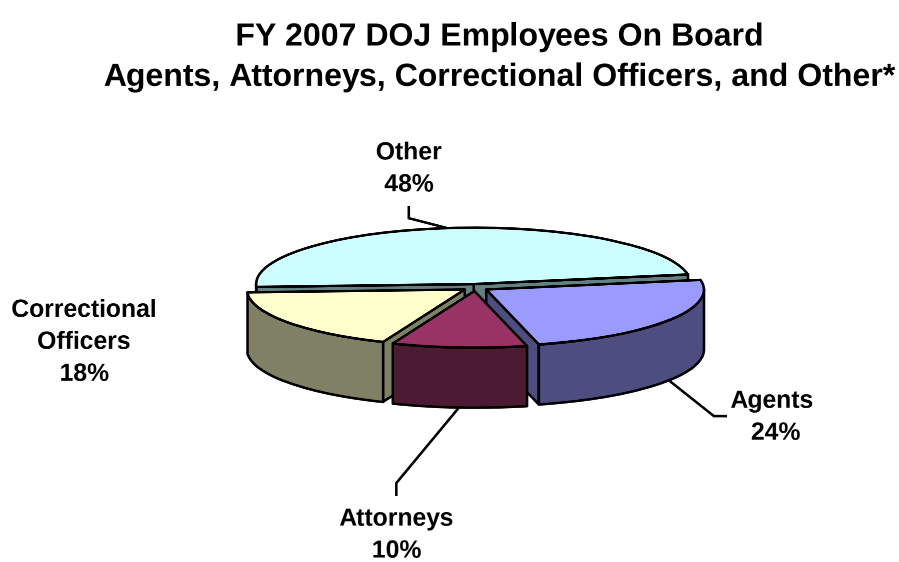
The Department's financial reporting structure is comprised of the following principal components:

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

FY 2007 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2007.





*"Other" includes pay class categories such as: general administrative, clerical, analyst, information technology specialist, security specialist, legal services, and security specialist. This chart reflects employees on board as of September 30, 2007.

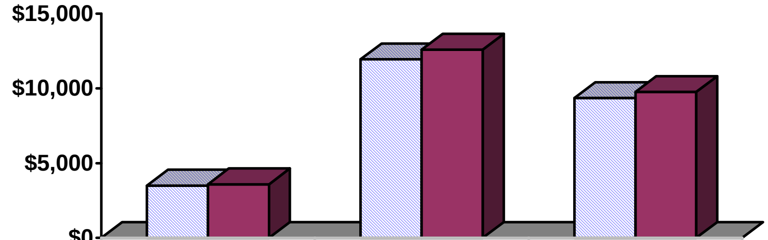
Table 1. Sources of DOJ Resources
(Dollars in thousands)

Source	FY 2007	FY 2006	% Change
Earned Revenue:	$2,868,127	$2,691,331	6.57%
Budgetary Financing Sources:			
Appropriations Received	23,278,824	22,082,303	5.42%
Appropriations Transferred In/Out	575,671	240,948	138.92%
Nonexchange Revenues	1,132,312	711,973	59.04%
Donations and Forfeitures of Cash or Cash Equivalents	1,409,015	1,009,217	39.61%
Transfers In/Out Without Reimbursement	59,021	122,374	-51.77%
Other Adjustments and Other Budgetary Financing Sources	(215,699)	(651,388)	-66.89%
Other Financing Sources:			
Donations and Forfeitures of Property	107,049	116,189	-7.87%
Transfers In/Out Without Reimbursement	(13,737)	(35,871)	-61.70%
Imputed Financing from Costs Absorbed by Others	756,548	650,258	16.35%
Total	**$29,957,131**	**$26,937,334**	11.21%

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

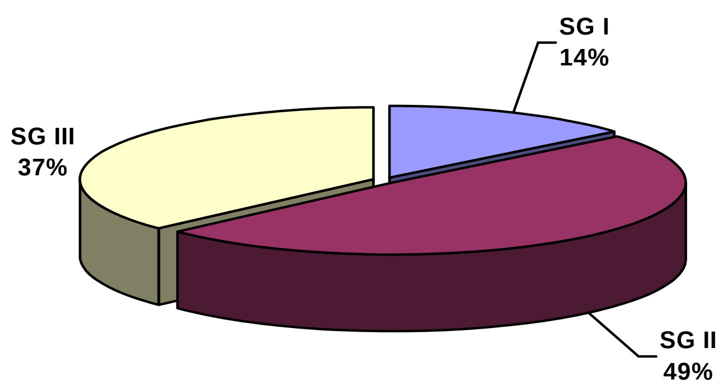
	Strategic Goal (SG)	FY 2007	FY 2006	% Change
I	Prevent Terrorism and Promote the Nation's Security			
	Gross Cost	$3,843,184	$3,766,228	
	Less: Earned Revenue	254,139	267,430	
	Net Cost	3,589,045	3,498,798	3%
II	Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
	Gross Cost	13,844,437	13,279,646	
	Less: Earned Revenue	1,253,871	1,339,109	
	Net Cost	12,590,566	11,940,537	5%
III	Ensure the Fair and Efficient Administration of Justice			
	Gross Cost	11,122,188	10,438,134	
	Less: Earned Revenue	1,360,117	1,084,792	
	Net Cost	9,762,071	9,353,342	4%
	Total Gross Cost	**28,809,809**	**27,484,008**	
	Less: Total Earned Revenue	**2,868,127**	**2,691,331**	
	Total Net Cost of Operations	**$25,941,682**	**$24,792,677**	**5%**

Comparison of Net Costs - FY 2006 and 2007
(Dollars in millions)



	SG I	SG II	SG III
FY 2006	$3,499	$11,941	$9,353
FY 2007	$3,589	$12,591	$9,762

FY 2007 Percentage of Net Costs by Strategic Goal



Analysis of Financial Statements

The Department's financial statements, which appear in Section III of this document, received an unqualified audit opinion for fiscal years ended September 30, 2007 and 2006. These statements have been prepared from the accounting records of the Department in conformity with the accounting principles generally accepted in the United States, and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The following provides highlights of the Department's financial position and results of operations in FY 2007. The complete set of financial statements, related notes, and the opinion of the Department's auditors can be found in Section III of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2007 shows $29.5 billion in total assets, an increase of $2.7 billion over the previous year's total assets of $26.8 billion. Fund Balance with U.S. Treasury was $16.5 billion, which represents 56 percent of total assets.

Liabilities: Total Department liabilities were $9.1 billion as of September 30, 2007, an increase of $1.4 billion from the previous year's total liabilities of $7.7 billion.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of Department operations totaled $25.9 billion for the year ended September 30, 2007, an increase of $1.1 billion (4 percent) from the previous year's net cost of operations of $24.8 billion.

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

Strategic Goal	Description of Major Costs
I	Includes resources dedicated to counterterrorism initiatives for ATF, Criminal Division, DEA, FBI, NSD, United States Attorneys (USA) and USMS
II	Includes resources for the Assets Forfeiture Fund (AFF), ATF, BOP, Community Oriented Policing Services (COPS), Community Relations Service (CRS), DEA, FBI, Foreign Claims Settlement Commission (FCSC), Organized Crime Drug Enforcement Task Force (OCDETF) program , Office of Dispute Resolution (ODR), OJP, Office of Legal Counsel (OLC), Office of the Pardon Attorney (OPA), Office of the Solicitor General (OSG), Office on Violence Against Women (OVW), USAs, USMS, U.S. National Central Bureau (USNCB), United States Trustees and the Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources and Tax Divisions
III	Includes resources for BOP, EOIR, Fees and Expenses of Witnesses (FEW), Federal Prison Industries (FPI), OJP, JPATS, USMS, USPC, and services to America's crime victims

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

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

Budgetary Resources: The Department's FY 2007 Combined Statement of Budgetary Resources shows $36.8 billion in total budgetary resources, an increase of $2.9 billion from the previous year's total budgetary resources of $33.9 billion.

Net Outlays: The Department's FY 2007 Combined Statement of Budgetary Resources shows $23.64 billion in net outlays, a decrease of $23 million from the previous year's total net outlays of $23.66 billion.

Data Reliability and Validity

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

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

Analysis of Performance Information

According to the Government Performance and Results Act (GPRA) of 1993, an agency's Strategic Plan must be updated and revised at least every three years and cover a period of not less than five years forward from the fiscal year in which it is submitted. In May 2006, the Department began revising its FY 2003-2008 Strategic Plan and reviewing its related long-term measurable outcome goals. In April 2007, the FY 2007-2012 Strategic Plan was approved by the OMB and sent to Congress for review and approval. The final FY 2007-2012 Strategic Plan was made available to the public in July 2007.

The Department's FY 2007-2012 Strategic Plan condenses the Department's four goal structure to three goals. Additionally, the Department established 25 key indicators addressing its highest priorities toward achieving these long-term outcome goals. The indicators are included in the Department's annual *Budget and Performance Summary* and reported on in this document. The Department's full Performance Report for these measures, including an update on our progress toward meeting our FY 2012 long-term outcome goals, is included in Section II of this document.

During FY 2007, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

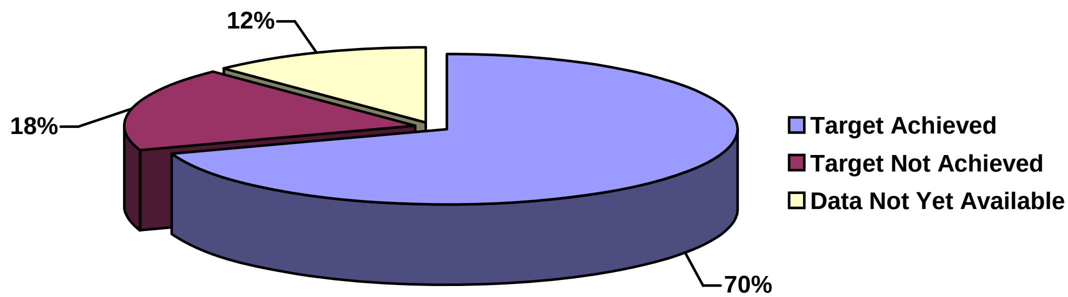
The Department achieved 70 percent of its key indicators in FY 2007. This percentage is likely to be higher as additional FY 2007 data become available; i.e., data for 12 percent of the key indicators are on a calendar year reporting schedule or are subject to necessary data validation prior to release. Much of the Department's success can be attributed to increased emphasis on long-term and annual performance measure development due to OMB's Program Assessment Rating Tool (PART), and placement of key performance indicators on cascading employee work plans beginning in December 2004, and the Department-wide quarterly status reporting implemented in the second quarter of FY 2005.

Although the Department achieved 70 percent of its performance targets in FY 2007, performance improvements are still needed in areas where planned performance was not achieved. Knowing that focusing on mission, agreeing on goals, and reporting results are the keys to improved performance, the Department will continue to examine its performance management system overall and implement improvements, where necessary. Additional improvement areas include: continuing to improve the quality and utility of performance information; developing the capacity to use performance information through the use of technology and reliable data systems; and continuing to work with OMB and other federal agencies to develop mechanisms to target and measure efficiency of law enforcement and regulatory programs.

In addition to its annual progress, the Department will continue to monitor progress made against its FY 2012 long-term performance goals for each of the 25 key indicators. As of the close of FY 2007, 96 percent of the Department's long-term key indicators are on-track for full achievement against FY 2012 targets. There are still five full years of performance remaining until the Department reports against planned progress, and a number of mechanisms are in place to ensure that the current progress is maintained, including quarterly status reporting, performance-informed budget submissions to request necessary/additional resources, and the OMB's PART to assist in making any serious deficiencies known to Departmental leadership so they can be corrected and remedied.

The chart below provides a summary of the Department's FY 2007 performance for its 25 key measures by Strategic Goal.

Status of FY 2007 Key Performance Measures



[ ] Designates the reporting entity	**FY 2007 Target**	**FY 2007 Actual**	**Target Achieved/ Not Achieved**
Strategic Goal I: Prevent Terrorism and Promote the Nation's Security			
Terrorist acts committed by foreign nationals against U.S. interests within U.S. borders **[FBI]**	Zero	Zero	Achieved
NEW MEASURE: Catastrophic acts of domestic terrorism **[FBI]**	Zero	Zero	Achieved
Strategic Goal II: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
Number of organized criminal enterprises dismantled **[FBI]**	32	38	Achieved
Number of child pornography websites or web hosts shut down **[FBI]**	1,000	1,667	Achieved
NEW MEASURE: Percentage of firearms investigations resulting in a referral for criminal prosecutions **[ATF]**	57%	57%	Achieved
DOJ's reduction in the supply of illegal drugs available for consumption in the U.S. **[ADAG/Drugs]**	Progress towards Establishing Baseline	TBD*	N/A
Consolidated Priority Organizations Target-linked drug trafficking organizations **[DEA, FBI (Consolidated data - ADAG/Drugs)]**			
Disrupted	210	164	Targets not achieved. CPOT-linked cases are highly sophisticated and it is difficult to predict how many disruptions will occur in a single FY.
Dismantled	135	81	
TITLE REFINED: Number of high-impact Internet fraud targets neutralized **[FBI]**	10	11	Achieved
Number of criminal enterprises engaging in white-collar crimes dismantled **[FBI]**	125	255	Achieved
Percent of cases favorably resolved: **[ENRD, ATR, CRM, USA, TAX, CIV, CRT, (Consolidated data - JMD/Budget Staff)]**			
Criminal Cases	90%	92%	Achieved

[ ] Designates the reporting entity	**FY 2007 Target**	**FY 2007 Actual**	**Target Achieved/ Not Achieved**
Civil Cases	80%	83%	Achieved
Percent of Assets/Funds returned to creditors: **[USTP]**			
Chapter 7	56%**	Data not available until January 2008	N/A
Chapter 13	84%**	Data not available until April 2008	N/A
Homicides per site (funded under the Weed and Seed Program) **[OJP]**	4.1***	Data not available until October 2008	N/A
Percent reduction in DNA backlog (casework only) **[OJP]**	26%	37%	Achieved
NEW MEASURE: Percent of children recovered within 72 hours of an issuance of an AMBER alert **[OJP]**	75% or greater	85.3%	Achieved
Strategic Goal III: Ensure the Fair and Efficient Administration of Justice			
Number of participants in the Residential Substance Abuse Treatment (RSAT) Program **[OJP]**	20,000****	Data not available until October 2008	Achieved
TITLE REFINED**:** Graduation rate of program participants in the Drug Courts Program **[OJP]**	22.1%	29%	Achieved
Ensure judicial proceedings are not interrupted due to inadequate security **[USMS]**	Zero	2	Target not achieved. During these two incidents, neither the public or courtroom personnel were in danger, nor did either judge leave the bench.
NEW MEASURE: Total primary fugitives apprehended or cleared **[USMS]**			
Number	30,692	33,437	Achieved
Percent	54%	55%	Achieved
Per day jail costs **[OFDT]**	$67.09	$64.40	Achieved
Percent of system-wide crowding in federal prisons **[BOP]**	36%	37%	Target not achieved. The actual population exceeded the target population by 2,436 inmates.
Ensure zero escapes from secure BOP facilities **[BOP]**	Zero	Zero	Achieved
Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates **[FPI / BOP provides data]**			
3 years after release	15%	39%	Achieved
6 years after release	10%	23%	Achieved
MEASURE REFINED**:** Rate of Serious Assaults in Federal Prisons (per 5,000 Inmates) **[BOP]**	14/5,000 assaults/inmates	12/5,000	Achieved
Inspection Results—Percent of federal facilities with American Correctional Association (ACA) accreditations **[BOP]**	99%	100%	Achieved
Percent of Executive Office for Immigration Review priority cases completed within established timeframes **[EOIR]**			
Asylum	90%	90%	Achieved

[ ] Designates the reporting entity	FY 2007 Target	FY 2007 Actual	Target Achieved/ Not Achieved
Institutional Hearing Program	90%	86%	Target not achieved. Vacant immigration judge positions and the fact that DHS did not file Notices to Appear in a timely manner contributed to missing this annual target.
Detained Cases	90%	89%	Target was not achieved. An increase in receipts of this case type as well as the vacancies in immigration judge positions contributed to missing this annual target.
Detained Appeals	90%	97%	Achieved

Note: The Department of Justice has 25 key performance measures. Some measures have one or more annual targets; therefore, when calculating the pie chart above, the denominator equals 33.

N/A – Not applicable at this time. See the "FY 2007 Actual" column for when data will be available.

** Measuring reduction in the illegal drug supply is a complex process reflective of a number of factors outside the control of the drug enforcement. Moreover, the impact of enforcement efforts on the illegal drug supply and the estimated availability are currently not measurable in a single year. However, the Department is intent on achieving an interim goal of setting a baseline by the close of FY 2009. Once the baseline is set, the Department intends to achieve a 6 percent total reduction in the supply of illegal drugs available for consumption in the United States over the next three years.*

*** Data lags one year due to the requirement to audit data submitted by U.S. Trustee prior to reporting.*
(FY 2006 target -- Chapter 7: 55%; FY 2006 actual -- Chapter 7: 63%)
(FY 2006 target -- Chapter 13: 83%; FY 2006 actual -- Chapter 13: 87%)

**** Data are collected on a calendar year basis and reported with a one year lag.*
(CY 2006 target -- 4.3 homicides per site; CY 2006 actual -- 3.3 homicides per site)

***** Data are collected on a calendar year basis and reported with a one year lag.*
(CY 2006 target -- 17,500; CY 2006 actual -- 27,756)

President's Management Agenda: Summary of Implementation Efforts for FY 2007

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

In FY 2001, the OMB established criteria for determining if an agency was making progress in implementing the objectives outlined within the PMA. The OMB grades agency progress and provides status reports using a green, yellow, red grading system. A score of green identifies an agency as meeting all standards of success for a goal. A yellow score identifies an agency as achieving an intermediate level of performance for all criteria within a goal. The final rating of red defines an agency as having one or more weaknesses. The chart below provides the "overall status" regarding the Department's cumulative progress in meeting each of the objectives, as well as the "progress status" reflecting the Department's incremental progress as of September 30, 2007.

President's Management Agenda	Overall Status*	Progress Status*	Overall Status Compared to FY 2006
Strategic Management of Human Capital	Green	Yellow	⇔
Competitive Sourcing	Green	Green	⇧
Improved Financial Performance	Red	Green	⇔
Expanded Electronic Government	Yellow	Yellow	⇔
Performance Improvement Initiative**	Green	Green	⇔
Faith-Based and Community Initiative	Green	Green	⇔
Real Property Asset Management Initiative	Green	Green	⇧

*As of September 30, 2007
** This initiative was previously named Budget and Performance Integration

During FY 2007, the Department made significant progress in achieving the annual goals and long-term criteria outlined under the PMA. For example, the Department improved to "green" ratings for Competitive Sourcing and Real Property Asset Management Initiatives. Additionally, the Department maintained "green" in Strategic Management of Human Capital, Performance Improvement, and Faith-based and Community Initiatives.

Additionally, the Department continued to create and retain a capable workforce; hold organizations and programs accountable by aligning budgets and performance; make decisions based on timely, sound financial information; expand technology to better serve the public; and manage our resources in ways that best serve the taxpayer. A full report outlining the FY 2007 progress under each PMA initiative is included in Section IV of this document.

Analysis of Systems, Controls, and Legal Compliance

Internal Control Program in the Department of Justice

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

The Department of Justice's internal control has significantly improved through the corrective actions implemented by senior management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations shows in our efforts to establish reasonable controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and significant actions taken by Departmental leadership in response to the President's Management Agenda, OMB initiatives, and OIG recommendations. For example, during FY 2007, Departmental management expanded efforts to implement OMB Circular A-123, Appendix A, *Internal Control over Financial Reporting.* Examples of such efforts include:

- refining the framework and process for assessing internal control over financial reporting,
- implementing a corrective action framework and oversight process to ensure prompt and proper implementation of corrective actions,
- providing direct assistance to components with previously identified material weaknesses, and
- continuing to support and commit resources to Departmental component internal review programs.

Details on additional actions taken by Departmental leadership to build and sustain a strong internal control program are included later in this section.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (Integrity Act or FMFIA) provides the statutory basis for management's responsibility for and assessment of accounting and administrative internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The Integrity Act also requires the agency to annually assess and report on the internal controls that protect the integrity of federal programs (FMFIA Section 2) and whether financial management systems conform to related requirements (FMFIA Section 4).

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

FMFIA Assurance Statement

Department of Justice management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of FMFIA. In accordance with OMB Circular A-123, the Department conducted its annual assessment of internal controls over program operations, which included compliance with applicable laws and regulations and conformance with financial management systems requirements. Based on the results of the assessment for the period ending September 30, 2007, the Department of Justice provides a qualified statement of assurance. The assessment did not identify any substantial systems non-conformances; however, it identified two program material weaknesses. These weaknesses involve the need to reduce the Bureau of Prisons (BOP) crowding rate, currently at 37 percent over the rated capacity, and the Federal Bureau of Investigation's (FBI) use of National Security Letters.

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

The Department conducted its assessment of the effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this assessment for the period ending June 30, 2007, the Department provides reasonable assurance that its internal control over financial reporting was operating effectively, and no material weaknesses were found in the design or operation of the controls.

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

Michael B. Mukasey
Attorney General
November 13, 2007

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to improve federal financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of federal programs. FFMIA requires agencies to have financial management systems that substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger (USSGL) at the transaction level. Furthermore, the Act requires independent auditors to report on agency compliance with the three requirements as part of financial statement audit reports. The Federal Information Security Management Act (FISMA) states that to be substantially compliant with FFMIA, there are to be no significant deficiencies in information security policies, procedures, or practices.

FFMIA Compliance Determination

During FY 2007, the Department assessed its financial management systems for compliance with FFMIA and determined that, when taken as a whole, they substantially comply with the requirements of FFMIA. This determination is based on the results of FISMA reviews and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified in the Department's financial statement audit.

Summary of the Department's Financial Statement Audit and Management Assurances

The following two tables summarize the results of the Department's financial statement audit and management assurances regarding the effectiveness of internal control over financial reporting and program operations (FMFIA Section 2), conformance with financial management systems requirements (FMFIA Section 4), and compliance with the Federal Financial Management Improvement Act (FFMIA).

Table 1. Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Improvements are needed in the Department's and components' financial systems general and application controls	1	0	1	0	0
Total Material Weaknesses	**1**	**0**	**1**	**0**	**0**

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Accounting and Financial Reporting Procedures	1	0	1	0	0	0
Total Material Weaknesses	**1**	**0**	**1**	**0**	**0**	**0**

Effectiveness of Internal Control over Program Operations (FMFIA § 2)						
Statement of Assurance	Qualified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Prison Crowding	1	0	0	0	0	1
Federal Bureau of Investigation Use of National Security Letters	0	1	0	0	0	1
Total Material Weaknesses	**1**	**1**	**0**	**0**	**0**	**2**

Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
General Controls over Information Systems Supporting Financial Processes	1	0	1	0	0	0
Integrated Financial Management System	1	0	0	0	1*	0
Total Non-Conformances	**2**	**0**	**1**	**0**	**1**	**0**

* Based on the Department's planned implementation schedule for the Integrated Financial Management System and the progress that has been made, management reassessed the non-conformance reported in FY 2006 and no longer considers it to be a non-conformance.

Compliance with Federal Financial Management Improvement Act (FFMIA)		
Overall Substantial Compliance	**Agency**	**Auditor**
	Yes	Yes
Compliance with Specific Requirements		
Systems Requirements	Yes	
Accounting Standards	Yes	
USSGL at Transaction Level	Yes	

Summary of Material Weaknesses and Corrective Actions

A summary of the two material weaknesses identified in the Department's FY 2007 assessment of the effectiveness of internal control over program operations (FMFIA Section 2) follows, along with details regarding corrective actions. The associated Corrective Action Plans are available in Section IV of this document.

Program Material Weakness and Corrective Actions – Prison Crowding

As of September 30, 2007, the BOP crowding rate at facilities housing federal inmates was 37 percent over the rated capacity. To date, the BOP continues to manage the growing federal inmate population by contracting with the private sector and using State and local facilities for certain groups of low-security inmates, expanding existing institutions (where programmatically appropriate and cost effective to do so), and building new facilities. Effective use of these approaches will allow the BOP to keep pace with the growing inmate population, thereby ensuring safe and secure operations in facilities housing federal inmates.

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

Program Material Weakness and Corrective Actions – Federal Bureau of Investigation Use of National Security Letters

In March 2007, the Department of Justice OIG reported that the FBI's use of national security letters (NSL) has grown and shifted in focus since the enactment of the Patriot Act in October 2001. While the NSL remains a critical investigative tool, the OIG found significant weaknesses in the FBI's administration of the program. For example, weaknesses were reported involving the completeness and accuracy of the electronic database used for tracking NSL usage, consistent retention of signed copies of NSLs, and the lack of clear guidance on applying Attorney General Guidelines requirements for the use of NSLs.

To address this material weakness, the FBI has completed some corrective actions and is in the process of completing additional actions. For example, in the same month the OIG report was issued, the FBI issued a policy requiring issuing Divisions to retain signed copies of NSLs. Corrective actions in process include improving the tracking database to ensure it captures accurate, timely, and complete data; issuing additional guidance to field offices; and ensuring that Chief Division Counsels and Assistant Division Counsels provide independent reviews of requests to issue NSLs.

Improper Payments Information Act of 2002

The Improper Payments Information Act of 2002 (IPIA) requires each executive branch agency to annually review all programs and activities it administers and identify those that may be susceptible to significant improper payments. Significant improper payments are defined as annual improper payments in a program exceeding both 2.5 percent of program payments and $10 million. For programs susceptible to significant improper payments, the Act requires agencies to report the estimate of improper payments and actions to reduce them. OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, issued in August 2006, provides guidance to implement the requirements of the Act and clarifies and updates the requirements in order to support government-wide IPIA compliance.

In accordance with IPIA, the Department reviewed its programs and activities for susceptibility to significant improper payments. Based on the results of the review for the period ending September 30, 2007, the Department determined there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments and is committed to the continuous improvement of the overall disbursement management process. In FY 2007, the Department implemented a top-down approach to comply with the Act, consistent with the 2006 guidance issued by OMB. The Department's approach provides a methodology to identify key programs, document associated key controls, assess the risk of each program for improper payments, perform testing to identify improper payments, and report the estimate of improper payments. In addition, the Department updated the policies and procedures for its recovery audit program to further strengthen its overall program to prevent, identify, detect, and recover improper payments.

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

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

Restructuring the Intelligence Community

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

Technology

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

Economy

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

Government

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

Globalization

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

Social-Demographic

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

The Unpredictable

- The Global War on Terrorism requires continual adjustments to new conditions. The Department is determined to proactively confront new challenges in its effort to protect the Nation.

- Responses to unanticipated natural disasters and their aftermath, which require the Department to divert resources in an effort to deter, investigate and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.
- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size and complexity of the civil lawsuits they must defend.

Limitations of the Financial Statements

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

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

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

Section II

Performance Section – FY 2007 Performance Report (Unaudited)

Overview

This section of the document presents to the President, the Congress, and the public a clear picture of how the Department of Justice (DOJ or the Department) is working toward accomplishing its mission. The Performance Report provides a summary discussion of the Department's three strategic goals. It also reports on the key performance indicators by detailing program objectives and FY 2007 targets and actual performance, as well as whether targets were or were not achieved. Each key measure also includes information related to: data collection and storage, data validation and verification, and data limitations. In addition, this section includes information regarding the Department's progress toward achieving the FY 2012 long-term outcome goals set forth in its FYs 2007-2012 Strategic Plan.

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

In FY 2007, the Department continued to demonstrate clear management commitment to timely and accurate financial and budget information through the use of Department-wide quarterly status reporting. As the Department continues to develop its capacity to gather and use performance information, we will continue to communicate performance information frequently and effectively. Quarterly status reporting has provided the Department the ability to identify problems early, take necessary corrective actions, develop more effective strategies, and allocate necessary resources.

Measuring Departmental Impact

Throughout FY 2007, the Department continued to improve its key indicators and track the progress of our long-term performance goals. Our long-term performance goals reflect results, not just workload or processes. For example, we have focused law enforcement efforts on disrupting and dismantling targeted criminal groups, such as major drug trafficking organizations. In areas such as litigation, where results-oriented measurement is particularly difficult, we continue to reevaluate our long-term targets to ensure that we are being aggressive enough in our goals for case resolutions for all of our litigating divisions. Many of our long-term measures developed in 2003 were approved during subsequent Program Assessment Rating Tool (PART) evaluations and approved by the OMB as being viable long-term performance measures for the Department's programmatic efforts. This Performance Report provides a status update on our progress made to date against our FY 2012 long-term performance goals for our key measures.

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

Measure Refinement, Data Revisions, and Subsequent Year Reporting

Performance measurement is an iterative process. We strive to present the highest-level outcome-oriented measures available. Each year, measures are replaced and refined due to a number of reasons, some of which are outside of the control of the Department. Overall, changes in performance measurement fall into three categories, which we note prior to the title of the measure on the following pages, where appropriate: *Measure Refined* – the display has been modified slightly as better data have become available; *New Measure* – this measure is new to the report; and *Title Refined* – the title has been modified for clarity, however, the reported data remains unchanged.

To meet the necessary reporting deadlines, data for this report are compiled less than 30 days after the end of the fiscal year. The Department makes every attempt to fully report the accomplishments that were achieved during the reporting period for each of its 25 key performance indicators. However, as additional data are available for activities performed during the previous fiscal year and the reported data need to be revised, the subsequent year's report will note where a revision was made to previously reported data. For example, in the pages that follow, data reported in the Department's *FY 2006 Performance and Accountability Report* that have now been revised/updated have been reported as: *FY 2006 Revised Actual*, where appropriate. Also, the Department is unable to report on a limited number of performance measures due to calendar year reporting or other limitations. In those instances, performance for those measures will be reported in the subsequent year's *Performance and Accountability Report*. For example, for performance that occurred in FY 2006, but was not available for reporting as of the publication of the *FY 2006 Performance and Accountability Report* due to calendar year reporting or other limitations, data have now been reported for the first time in the pages that follow.

As described in Section I, the Department has issued its Strategic Plan for FYs 2007-2012. The Department's Strategic Plan's key indicators fully align to current priorities and goals. Just as in the past, long-term outcome goals will be targeted in the Department's annual *Budget and Performance Summary* and reported each year in this report.

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

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

Terrorism is the most significant national security threat that faces our Nation. The Department's foremost focus is protecting the Homeland from future terrorist attacks. To ensure attainment of this goal, prevention is our highest priority. The Department has taken, and will continue to take assertive actions to prevent, disrupt, and defeat terrorist operations before they occur; investigate and prosecute those who commit or intend to commit terrorist acts; and strengthen partnerships to prevent, deter and respond to terrorist incidents. In order to have the information we need to keep our Nation safe, we are continuing to strengthen and expand our counterintelligence capabilities. The Department is hard at work to ensure that the people that intend to do us harm come to justice.

FY 2012 Outcome Goal: No terrorist acts committed by foreign nationals within U.S. borders
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

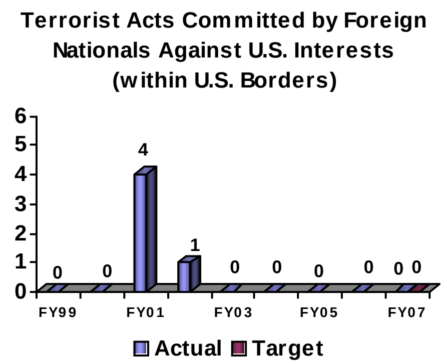
As the law enforcement component with primary responsibility for the Nation's CT efforts, the FBI must understand all dimensions of the threats facing the Nation and address them with new and innovative investigative and operational strategies. The FBI must be able to effectively respond to the challenges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

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

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

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

FY 2007 Target: 0
FY 2007 Actual: 0



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

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

Data Validation and Verification: See above.

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

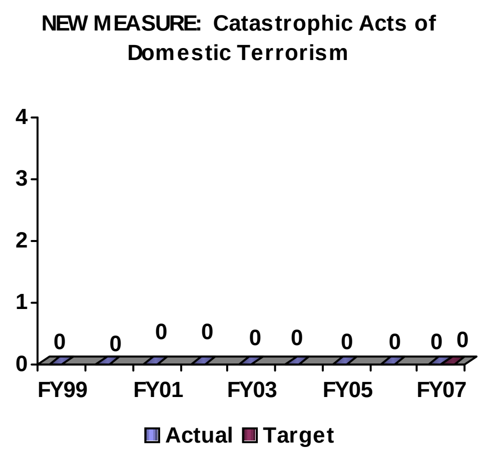
Discussion of FY 2007 Results: No incidents of this kind occurred during FY 2007. The FBI continues to vigorously investigate international terrorist threats to prevent attacks against the U.S. One result of a FBI investigation came on June 1, 2007, when the U.S. Attorney of the Eastern District of New York charged four individuals with conspiracy to conduct a terrorism attack, destroy U.S. property, attack an air navigation facility, and bomb public use facilities. Another case involving the FBI Philadelphia Joint Terrorism Task Force, in cooperation with State and local agencies, resulted in the arrest of six individuals and disruption of an alleged plot to attack Fort Dix, New Jersey. This group included a Jordanian-born, naturalized U.S. citizen, Mohammed Shnewer. The group also included two legal resident aliens: Serdar Tatar, born in Turkey, and Agron Abdullahu, a Kosovar Albanian, who entered the U.S. as a refugee in 1999. The group also included three Albanian brothers, Shain, Eljivir, and Dritan Duka, all of whom were born in Macedonia, and entered the country illegally.

FY 2012 Outcome Goal: No catastrophic acts of domestic terrorism
FY 2007 Progress: The Department is on target to achieve this long-term goal.

***Performance Measure*:** NEW MEASURE: Catastrophic Acts of Domestic Terrorism

FY 2007 Target: 0
FY 2007 Actual: 0

Discussion of FY 2007 Results: No incidents of this kind occurred during FY 2007. A notable domestic terrorism case during FY 2007 involved a box received by a mutual fund company via mail on January 31, 2007. The box contained a functional bomb that was designed to detonate when the box was opened, except for a final connection that was left incomplete. A note inside the box threatened to send more devices of the same type to the victim's family and associates that would function as designed unless a demand was met that a specific corporate stock reached a set price. On February 1, 2007, FBI Denver was notified by the United States Postal Inspectors Service (USPIS) of a similar package mailed at the same time to a location in Cherry Hill, Denver, Colorado. The two pipe bombs were linked by handwriting analysis to a series of threat and extortion letters received by various investment firms throughout the country over the course of the past two years. On April 25, 2007, John Patrick Tomkins was arrested without incident at his place of employment in Dubuque, Iowa. Subsequent to Tomkins' arrest, FBI Chicago and the USPIS searched storage facilities rented by him. The searches resulted in the recovery of additional threat letters and three pipe bombs similar to the bombs mailed earlier in the year. Tomkins was charged with violation of Title 18, U.S.C., Section 876 (Mailing a Threatening Communication with Intent to Extort) and Title 18, U.S.C., Section 842 (Possession of an Unregistered Destructive Device).



Data Definitions: See above measure, “Terrorist Acts Committed by Foreign Nationals against U.S. Interests (within U.S. Borders).” For the purposes of this performance measure, a catastrophic domestic terrorist act is defined as an act resulting in significant loss of life and/or significant property damage (e.g., the attack on the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma on April 19, 1995).

Data Collection and Storage: See above measure.

Data Validation and Verification: See above measure.

Data Limitations: None known at this time.

II STRATEGIC GOAL 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People

49% of the Department's Net Costs support this Goal.

The heart of the Department of Justice's mission is to enforce federal laws and represent the rights and interests of the American people. Preventing and controlling crime is critical to ensuring the strength and vitality of the democratic principles, rule of law, and the administration of justice. The enforcement of federal laws assists societal safety by combating economic crime and reducing the threat, trafficking, use, and related violence of illegal drugs. The strengthening of partnerships between federal, State, local and tribal law enforcement will enhance our ability to prevent, solve and control crime. Through the enforcement of our laws, we protect the rights of the vulnerable by reducing the threat, incidence, and prevalence of violent crime, including crimes against children, and upholding the civil and constitutional rights of all Americans. The Justice Department enforces federal civil and criminal statutes, including those protecting rights, safeguarding the environment, preserving a competitive market structure, defending the public fisc against unwarranted claims, and preserving the integrity of the Nation's bankruptcy system. In addition, the Department combats public and corporate corruption, fraud, economic crime and cybercrime.

FY 2012 Outcome Goal: Dismantle a cumulative total of 212 organized criminal enterprises (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

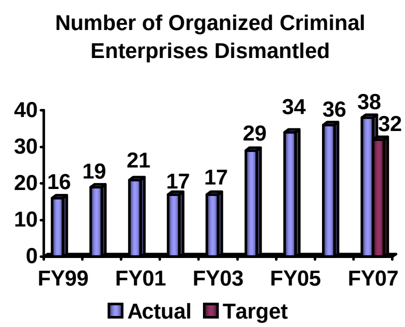
Background/Program Objectives: The FBI's investigative subprograms that focus on criminal enterprises involved in sustained racketeering activities and that are mainly comprised of ethnic groups with ties to Asia, Africa, Middle East, and Europe are consolidated into the Organized Criminal Enterprise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

Performance Measure: Number of Organized Criminal Enterprises Dismantled

FY 2006 Revised Actual: 36 (Previous Actual: 25)
FY 2007 Target: 32
FY 2007 Actual: 38

Discussion of FY 2007 Results: The FBI met its target for this measure in FY 2007. Of the notable accomplishments during FY 2007:

<u>FBI New York Division</u>: Along with the U.S. Department of Labor, New York State Organized Crime Task Force, New York State Police, and the Rockland County District



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

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

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

Data Limitations: FBI field personnel are required to enter accomplishment data within 30 days of the accomplishment or a change in the status of an accomplishment, such as those resulting from appeals. Data for this report are compiled less than 30 days after the end of the fiscal year, and thus may not fully represent the accomplishments during the reporting period. FY 2006 data subject to this limitation were revised during FY 2007.

Attorney's Office executed arrest warrants on 31 members and associates of the Colombo LCN Family on charges ranging from violating the RICO and Hobbs Acts to participating in an illegal gambling business, extortion, extortionate extension of credit (loan sharking), commercial bribery, and wire and mail fraud. To date, 27 out of the 31 defendants have been convicted;

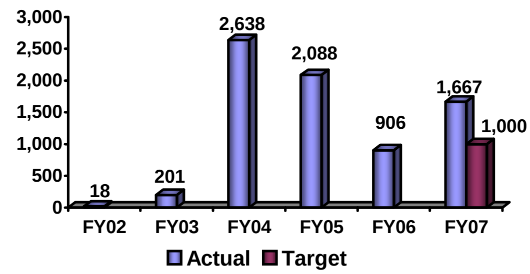
FBI Miami Division: Dismantled a cell of approximately 9 individuals closely associated with the Rizzuto Crime Family based in Montreal, Canada. They were indicted for developing a cocaine and heroin smuggling cell that shipped heroin from Eastern Europe and cocaine from South America to South Florida. The South Florida cell then arranged for tractor trailers with hidden compartments to transport the drugs to Montreal, Canada; and

FBI Chicago Division: Initiated an investigation based on information received from multiple sources regarding the distribution of methamphetamine, cocaine, and ecstacy in the Filipino Community in Chicago. Currently, Chicago has the third largest Filipino population in the United States. The source identified the leader of the drug distribution network and as a result, five subjects were charged, arrested and convicted. The criminal enterprise linked to the original targets was dismantled following their guilty pleas.

FY 2012 Outcome Goal: Shut down a cumulative total of 6,000 websites or web hosts (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Number of Child Pornography Websites or Web Hosts Shut Down



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

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

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

Performance Measure: Number of Child Pornography Websites or Web Hosts Shut Down

FY 2007 Target: 1,000
FY 2007 Actual: 1,667

Discussion of FY 2007 Results: A website/web host gets shut down at the request of the FBI once a subpoena is served to obtain information on who is responsible for the illicit content. Often the subpoena would be the factor that alerted the Internet Service Provider (ISP) of the illegal content. The reported websites/web hosts shut down by the FBI's staff, assigned to the National Center for Missing and Exploited Children (NCMEC), account for approximately half of the FBI's reported totals. According to the Innocent Images FBI Supervisor detailed to NCMEC, ISPs are now getting in compliance with the Prosecutorial Remedies and Other Tools to end the Exploitation of Children Today (PROTECT) Act and this compliance has led to several changes that have reduced the way that the FBI receives data on the number of websites shut down:

The largest ISPs that offenders host child pornography websites on, including America On Line (AOL) and Yahoo, are now aggressively and automatically shutting down the website upon confirmation of illicit material. Previously ISPs waited for the FBI and other law enforcement to investigate and request the website be shut down. The ISPs continue to report the website to the NCMEC to fulfill their reporting obligations, but the number of reports where the website is still active by the time the lead is referred to the FBI has significantly decreased;

FBI subpoenas to effect the shutting down of a website typically contained only a few websites on each subpoena to shut down. This was due to the fact that NCMEC's reporting mechanism only allowed ISPs to make a few reports per tip submitted. However, NCMEC recently changed their submission form to allow ISPs to include many more reports per tip submitted. This allows greater efficiency and reduced duplication of reporting by the ISPs. It also provides more viable leads to the FBI at one time that can be contained in the same subpoena. This results in less subpoenas being served, but those that are served shutdown more websites. This method of serving subpoenas is much more efficient, but decreased the number of subpoenas served on each ISP, which are currently the only data available used to track this measure; and

Several FBI Divisions reported that it has become common practice for the FBI to request that citizens refer their complaints directly to NCMEC, since they can efficiently triage these tips. Therefore some of the complaints that previously went to the FBI are now directed to NCMEC. This shift in procedures ensures that the NCMEC does not send out leads that were already referred to other qualified law enforcement agencies to avoid duplication of efforts. NCMEC will only refer a lead to the FBI if an administrative subpoena is required.

The FBI is exploring alternative methods to track accomplishments in the fight against child pornography and those who use computers to commit sexual exploitation offenses against children.

FY 2012 Outcome Goal: Increase the percentage of criminal investigations to 62% resulting in referrals for prosecution (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

***Background/Program Objectives**:* Violent firearms crime remains a significant and complex domestic problem, fueled by a variety of causes that vary from region to region. The common element, however, is the relationship between firearms violence and the unlawful diversion of firearms out of commerce into the hands of prohibited persons. ATF's unique statutory responsibilities and assets, including technology and information, are focused under the agency's integrated strategy to remove violent offenders, including gang members, from our communities; keep firearms from those who are prohibited by law from possessing them; discourage, prohibit, and interrupt illegal weapons transfers in accordance with the law; and prevent firearms violence through community outreach. This integrated strategy is ATF's contribution to the Administration's Project Safe Neighborhoods (PSN) initiative. ATF's efforts to reduce violent firearms crime include:

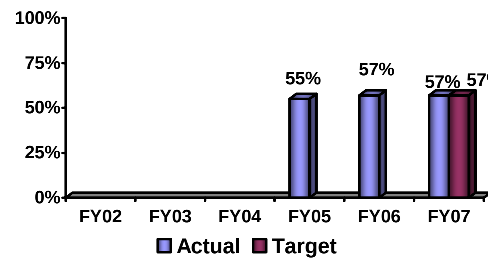
Partnering with law enforcement agencies and prosecutors at all levels to develop focused strategies to investigate, arrest, and prosecute violent offenders, persons prohibited from possessing firearms, domestic and international firearms traffickers, violent gangs, and others who attempt to illegally acquire or misuse firearms;

Assisting the law enforcement community in identifying firearms trafficking trends and resolving violent crimes by providing automated firearms ballistics technology, tracing crime guns, and developing advanced firearms investigative techniques;

Ensuring that only qualified applicants who meet the eligibility requirements of the law enter the regulated firearms industry by employing appropriate screening procedures prior to licensing;

Inspecting firearms dealers to identify any illegal purchases or diversion of firearms to criminals and to ensure the accuracy of records used in tracing firearms. ATF ensures that firearms industry members comply with the Gun Control Act, the National Firearms Act, and the Arms Export Control Act;

NEW MEASURE: Percentage of Firearms Investigations Resulting in a Referral for Criminal Prosecution



Data Definitions: This measure reflects the percentage of investigations within ATF's firearms program area in which a defendant was referred for criminal prosecution. This measure is based on the premise that ATF is the federal law enforcement agency with unique expertise and statutory authority to enforce federal firearms laws, and that ATF reduces firearms violence through investigations and their resulting law enforcement consequences (specifically the referral for criminal prosecution and the ensuing incapacitation of criminals under these statutes).[1] More effective enforcement of federal firearms laws contributes to disrupting criminal activity, deterring violent crime, and safeguarding the legitimate firearms industry from exploitation by criminals. This measure allows ATF to gauge the impact of applying its federal statutory authority and resources to a national strategy to fight violent crime in our communities – targeting those who commit the violence and those who facilitate their commission by supplying firearms through straw purchases, unlicensed dealing, theft from federal firearms licensees and interstate carriers, and other illegal means.

Data Collection and Storage: The data source is ATF's National Field Office Case Information System (NFOCIS), which is ATF's integrated and centralized data management solution allowing real time monitoring and oversight of all criminal enforcement activities in the field.

Data Validation, and Verification: There is an ongoing quality assurance and case management program in place within ATF which includes required regular review and approval of case information by ATF field managers. The data are subsequently verified through ATF's inspection process, performed internally by the Office of Professional Responsibility and Security Operations Directorate. The internal inspections occur on a four year cycle and are performed at each ATF field office and division.

Data Limitations: ATF investigations are often complex and time consuming in nature, and often span multiple years from initiation through closure. The data used to calculate this percentage are based on the date investigations are closed, and are therefore likely to include investigations that have spanned previous time periods. This methodology is specifically used to eliminate the counting of investigations multiple times.

Keeping restricted firearms such as machineguns out of the hands of prohibited persons by performing criminal records checks on applicants. ATF maintains the accuracy and integrity of the National Firearms Registration and Transfer Record so that the location and ownership of restricted firearms are kept current;

Ensuring that only firearms that are legally importable under ATF and State Department rules are imported into the United States and are properly marked and recorded by the importer for sale domestically;

Collaborating with schools, law enforcement agencies, community organizations, and the firearms industry to implement educational programs which help reduce firearms violence; and

Informing the public and firearms industry about ATF policies, regulations, and product safety and security, so that they can better comply with the law. To do so, ATF uses diverse communication methods such as the Internet, trade and community publications, seminars, and industry meetings.

Performance Measure: NEW MEASURE: Percentage of firearms investigations resulting in a referral for criminal prosecution.

FY 2007 Target: 57%
FY 2007 Actual: 57%

Discussion of FY 2007 Results: ATF met its target goal of the percentage of investigations within the firearms programs area that resulted in a defendant being referred for criminal prosecution. Meeting this measure reflects the impact ATF has towards reducing firearms violence in targeted violent cities across America. ATF is the federal law enforcement agency with unique expertise and statutory authority to enforce federal firearms laws and meeting this goal shows that ATF reduces firearms violence through investigations and their resulting law enforcement consequences (specifically the referral of criminals for prosecution).

ATF has been at the forefront of efforts across the country to reduce violent crime involving firearms. ATF actively initiated investigations against violent offenders and firearms traffickers and provided key services to its law enforcement partners. The following case examples highlight ATF's FY 2007 efforts:

Chicago, Illinois and Mississippi: In February 2007 a 2-year ATF firearms trafficking investigation resulted in the arrests of 19 defendants in Chicago and northern Mississippi. ATF agents in Chicago and New Orleans worked with the Illinois State Police, the Chicago Police Department, the United States Marshals Service, and the Mississippi Bureau of Narcotics to arrest these defendants, who are charged with conspiring to illegally purchase firearms in pawn shops and gun stores in Clarksdale and Tunica, Mississippi, transport the firearms to Chicago, and distribute the firearms to members of Chicago street gangs. The members of the conspiracy are alleged to have transported in excess of 100 firearms from Mississippi to Chicago between August 1999 and April 2005. Some of those illegally purchased guns were later recovered at crime scenes. This investigation and prosecution is ongoing.

Nashville, Tennessee: In January 2007, 13 members of the Mara Salvatrucha (MS)-13 street gang were arrested and indicted following a year-long joint investigation conducted by ATF and the Nashville Metropolitan Police Department. During the course of the investigation, information was developed linking Nashville–based MS-13 members and associates with seven shootings, three alleged murders, several planned murders, threats and intimidation, and many other significant violent crimes occurring in 2006. The defendants were indicted on racketeering conspiracy charges. If convicted, the defendants face a maximum penalty of life in prison on the RICO conspiracy charges.

[1] "Although studies that focus exclusively on violent offenders are rare, empirical evidence about violent offending can be found in cross-sectional and longitudinal studies of general offending careers…The results from this research generally support the conclusion that incapacitation has nontrivial consequences for the control of violent crime." Commission on Behavioral and Social Sciences and Education: Understanding and Preventing Violence, Volume 4: Consequences and Control (1994).

FY 2012 Outcome Goal: Develop meaningful baselines for the supply of drugs available for consumption in the United States (FY 2007-2009). Achieve a 6% reduction in the supply of illegal drugs (FY 2010-2012) available for consumption in the United States using the baseline established by the close of FY 2009
FY 2007 Progress: The Department is on target to achieve this long-term goal by establishing a baseline by FY 2009.

***Background/Program Objectives*:** Measuring reduction in the drug supply is a complex process because supply reduction is a reflection of a number of factors. Drug seizures, eradication efforts, precursor chemical interdictions, cash and asset seizures, increased border/transportation security, international military operations, social and political forces, climatic changes, and even natural disasters all impact the drug supply at any given time. The Department's strategy focuses on incapacitating entire drug networks by targeting their leaders for arrest and prosecution, by disgorging the profits that fund the continuing drug operations, and eliminating the international supply sources. These efforts ultimately have a lasting impact upon the flow of drugs in the United States, although the results are not easily measurable in a single year. Accordingly, the Department recently reexamined its approach related to this goal and set realistic milestones in the Department's FY 2007-2012 Strategic Plan. For FYs 2007-2009, the Department will report progress toward establishing meaningful baselines for the supply of drugs available for consumption in the United States. During FYs 2010-2012, the Department will focus on a targeted reduction in the supply of illegal drugs available for consumption.

Discussion of FY 2007 Results: Measuring reduction in the drug supply is a complex process reflecting of a number of factors outside the control of the drug enforcement. Moreover, the impact of enforcement efforts on drug supply and the estimated availability are currently not measurable in a single year. However, the Department is intent on achieving an interim goal of setting a baseline by the close of FY 2009. Once the baseline is set, the Department intends to achieve a 6 percent total reduction in the supply of illegal drugs available for consumption in the United States over the next three years.

FY 2012 Outcome Goal: Dismantle 1,260 Consolidated Priority Organization Target-linked drug trafficking organizations (FY 2007-2012). Disrupt 810 CPOT-linked drug trafficking organizations (FY 2007-2012)
FY 2007 Progress: The Department is not on target to achieve this long-term goal.

Background/Program Objectives: The Department focuses its drug law enforcement efforts on reducing the availability of drugs by disrupting and dismantling the largest drug supply and related money laundering networks operating internationally and domestically, including those on the Attorney General's Consolidated Priority Organization Target (CPOT) List. The first CPOT List was issued in September 2002 and is reviewed and updated bi-annually. The List identifies the most significant international drug trafficking and money laundering organizations and those primarily responsible for the Nation's drug supply. The Attorney General has designated the Organized Crime Drug Enforcement Task Force (OCDETF) Program as the centerpiece of DOJ's drug supply reduction strategy. The Program coordinates multi-agency and multi-jurisdictional investigations targeting the most serious drug trafficking threats. The OCDETF Program functions through the efforts of the United States Attorneys; elements of the Department's Criminal and Tax Divisions; the investigative, intelligence, and support staffs of the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the United States Marshals Service; U.S. Immigration and Customs Enforcement; the U.S. Coast Guard; and the Internal Revenue Service. The OCDETF agencies also partner with numerous State and local law enforcement agencies.

The goal of each OCDETF investigation is to determine connections among related investigations nationwide in order to identify and dismantle the entire structure of the drug trafficking organizations, from international supply and national transportation cells, to regional and local distribution networks. A major emphasis of the Department's drug strategy is to disrupt financial dealings and to dismantle the financial infrastructure that supports these organizations. OCDETF has the greatest impact upon the flow of drugs through this country when it successfully incapacitates the entire drug network by targeting and prosecuting its leadership and seizing the profits that fund continued operations.

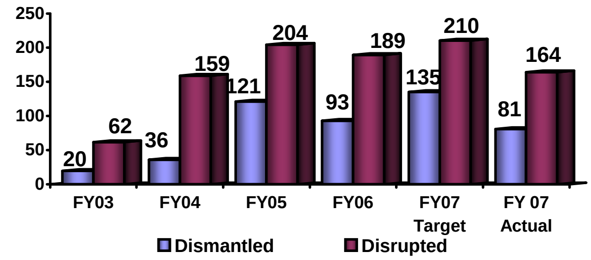
Performance Measure: CPOT-Linked Drug Trafficking Organizations Disrupted and Dismantled

FY 2006 Revised Actuals:
Disrupted: 189
Dismantled: 93
(Previous Actual: Disrupted: 183; Dismantled: 90)
FY 2007 Target:
Disrupted: 210
Dismantled: 135
FY 2007 Actual:
Disrupted: 164
Dismantled: 81

Discussion of FY 2007 Results: The Department did not meet its ambitious targets for disrupting and dismantling CPOT-linked drug trafficking organizations in FY 2007. It is difficult to accurately predict how many disruptions and dismantlements of CPOT-linked organizations will occur in a given fiscal year because these statistics are inherently volatile from year to year. While the Department did not meet its expected targets in FY 2007, it still achieved significant results against these CPOT-linked organizations and the CPOTs themselves. In fact, the FY 2007 CPOT-linked dismantlements are more than double the number achieved in FY 2004, and historically unprecedented successes were recorded in FY 2007 against the leaders of some of the world's most powerful drug-trafficking organizations, including the Gulf Cartel, the Tijuana Cartel, and the Norte Valle Cartel.

The Department continues to review its performance for this measure for FY 2007 versus FY 2005, which saw a record number of disruptions and dismantlements. The Department attributes the decline in this performance measure to three factors. First, the 46 targets on the FY 2007 CPOT List represent a much different group of organizations than was first placed on the list in FY 2003. When the CPOT List was first established, it contained many organizations that had been known to law enforcement for decades.

CPOT-Linked Drug Trafficking Organizations Disrupted and Dismantled



Data Definition: An organization is considered linked to a CPOT, if credible evidence exists of a nexus between the primary investigative target and a CPOT target, verified associate, or component of the CPOT organization. Disrupted means impeding the normal and effective operation of the targeted organization, as indicated by changes in the organizational leadership and/or changes in methods of operation. Dismantled means destroying the organization's leadership, financial base and supply network such that the organization is incapable of reconstituting itself.

Data Collection and Storage: Investigations may be linked to a CPOT organization at any time during the investigation. Once the link is verified, a specific code or other identifier is assigned to the investigation. Accordingly, data on this performance measure may lag behind actual identification of the link by the investigative agency. The investigation is tracked as "CPOT-linked" by the agency and within the OCDETF management information system.

Data Validation and Verification: The CPOT List is updated semi-annually. Each OCDETF agency has an opportunity to nominate targets for addition to/deletion from the List. Nominations are considered by the CPOT Working Group (made up of mid-level managers from the participating agencies). Based upon the Working Group's recommendations, the OCDETF Operations Chiefs decide which organizations will be added to/deleted from the CPOT List.
Once a CPOT is added to the List, OCDETF investigations can be linked to that organization. The links are reviewed and confirmed by OCDETF field managers using the OCDETF Fusion Center, agency databases, and intelligence information. Field recommendations are reviewed by the OCDETF Executive Office. In instances where a link is not fully substantiated, the sponsoring agency is given the opportunity to follow-up. Ultimately, the OCDETF Executive Office "un-links" any investigation for which sufficient justification has not been provided. When evaluating disruptions/dismantlements of CPOT-linked organizations, OCDETF verifies reported information with the investigating agency's headquarters.

Data Limitations: Investigations of CPOT-level organizations are complex and time-consuming, and the impact of disrupting/dismantling such a network may not be apparent immediately. In fact, data may lag behind enforcement activity. For example, a CPOT-linked organization may be disrupted in one FY and subsequently dismantled in a later year when law enforcement permanently destroys the organization's ability to operate.

Investigations of these organizations were already quite mature, and, as a result, 522 CPOT-links had already been identified at the time the CPOT List was initially promulgated. As a result of the Department's investigative and prosecutorial successes, only 18 of the original 53 targets remain on the FY 2007 CPOT List.

The FY 2007 CPOT List consists largely of targets that have been more recently identified by law enforcement. With respect to these newer CPOT targets, it has taken longer to identify subsidiary organizations linked to the CPOT itself to reach the point of achieving disruption or dismantlement of those linked organizations. Accordingly, from FY2004 to FY2007 the Department has witnessed a 36 percent drop in newly-identified CPOT links.

Second, the investigations against these targets have become more complex. CPOT level organizations have learned from law enforcement's past successes, and have adjusted their operations to thwart law enforcement efforts. Law enforcement has been forced to pursue more complex investigative techniques to achieve a lasting impact against these organizations. This inherently takes more time. Pursuing such things as electronic surveillance and in-depth financial investigations has permitted the Department to continue, and even to improve upon, its success in permanently dismantling major drug trafficking organizations. However, these sophisticated techniques are more time intensive. For instance, DEA reports that the average number of days that their CPOT-linked investigations are open has increased by 67 percent since FY 2005.

Finally, the Department has very specific standards for claiming a "CPOT-link". As a result of these high standards, it is taking a significant number of investigative hours to uncover the information necessary to substantiate a link. Although the CPOT disruptions and dismantlements are lower than estimated, law enforcement efforts are having a profound impact as evidenced by a record of cash forfeitures, and the fact that cocaine prices have increased while purity has decreased.

FY 2012 Outcome Goal: Neutralize a cumulative total of 78 high-impact Internet fraud targets (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

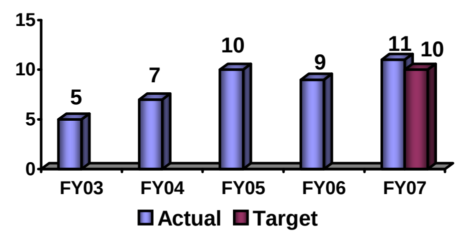
Background/Program Objectives: Internet fraud is any scam that uses one or more components of the Internet to present fraudulent solicitations to prospective victims, conduct fraudulent transactions, or transmit the proceeds of fraud to financial institutions or others that are connected with the scheme.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

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

Performance Measure: TITLE REFINED: Number of High-Impact Internet Fraud Targets Neutralized

FY 2006 Revised Actual: 9
(Previous Actual: 7)
FY 2007 Target: 10
FY 2007 Actual: 11

TITLE REFINED: Number of High-Impact Internet Fraud Targets Neutralized



Data Definition: Case data are reviewed by IC3 staff to determine if investigative targets meet certain criteria for being counted as a "high impact: "Total loss amount greater than $100,000; Internal nexus; White Collar Crime-related fraud, Money Laundering Scheme, and Pharmaceutical Fraud; "Phishing" Attack/Identity Theft; High volume of victims. The IC3 evaluates and tracks the progress of investigations meeting these criteria throughout the year.

Data Collection and Storage: The data source is a record system maintained by the IC3. The list of targets is updated each year. The IC3 maintains a complaint database that receives input from the FBI's public website, http://www.ic3.gov. Complaints are also referred through industry subject matter experts, who use a secure listserv/message board established to facilitate information exchange.

Data Validation and Verification: Targets are determined by subject matter expert teams at the IC3 and approved by the Unit Chief. IC3 staff maintains the list and determine when a target has been the subject of a take-down. During FYs 2003-2006 data were recorded as the measure "Number of Top-Ten Internet Targets Neutralized."

Data Limitations: None known at this time.

Discussion of FY 2007 Results: The FBI met its FY 2007 target for this measure. One of the notable cases in FY 2007 involved Robert Alan Soloway, a man described as one of the world's top spammers. Soloway was able to send millions of unsolicited e-mails advertising his Websites by utilizing networks of compromised computers, or botnets. Recipients who clicked on a link in the e-mail were directed to his Web site, where he advertised two types of services. In one, he would agree to send out as many as 20 million e-mail advertisements over 15 days for $495. In another, he would offer to sell software the buyer could use to "broadcast" e-mails to 80 million e-mail addresses. He falsely claimed the e-mail addresses were all legal from people who had chosen to receive his solicitations. Soloway was arrested on May 29, 2007, a week after a federal grand jury returned a 35-count indictment charging him with mail fraud, wire fraud, e-mail fraud, aggravated identity theft, and money laundering. Another case involved brothers Bartholomew and Steven Stephens, who spoofed a Salvation Army Web site during the aftermath of Hurricane Katrina in order to divert hurricane relief donations to their PayPal accounts. The brothers were able to collect $48,000 fraudulently in the name of Hurricane Katrina relief. After an FBI investigation, arrest, and criminal trial, the Stephens were found guilty on all nine counts of conspiracy, wire fraud, and aggravated identity theft on June 14, 2007.

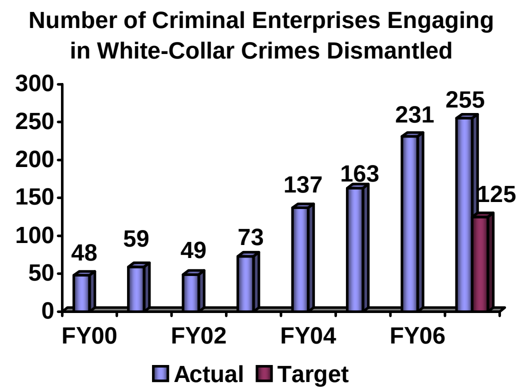
FY 2012 Outcome Goal: Dismantle a cumulative total of 745 criminal enterprises engaging in white-collar crime (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

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

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

> ***FY 2006 Revised Actual:*** 231 (Previous Actual: 206)
> ***FY 2007 Target:*** 125
> ***FY 2007 Actual:*** 255



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

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

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

Data Limitations: FBI field personnel are required to enter accomplishment data within 30 days of the accomplishment or a change in the status of an accomplishment, such as those resulting from appeals. Data for this report are compiled less than 30 days after the end of the fiscal year, and thus may not fully represent the accomplishments during the reporting period. FY 2006 data subject to this limitation were revised during FY 2007.

Discussion of FY 2007 Results: The FBI met and surpassed the target for this measure. Notable accomplishments for FY 2007 include the following:

Qwest Communications International, Inc. (Qwest): The investigation of Qwest's Chief Executive Officer, Joseph Nacchio, and Chief Financial Officer, Robin Szeliga, was one of the largest insider trading cases ever prosecuted. The investigation began in June 2002 amid allegations that company executives had improperly stated revenue, lied to accountants and engaged in insider trading. Qwest ultimately restated its 2000 and 2001 revenue by $2.5 billion as a result of the fraud. In December 2006, Szeliga pled guilty to one count of insider trading and agreed to testify against Nacchio, who was later convicted on 19 counts of insider trading. On July 27, 2007, Nacchio was sentenced to six years imprisonment, a $19 million fine and forfeiture in the amount of $52 million. To date, five company executives have been convicted of charges related to the corporate fraud at Qwest.

Mutual Benefits Corporation (MBC): MBC was a viatical settlement (i.e., sale of a life insurance policy by its owner before it matures) company that sold interests in insurance policies to investors. In order to increase profits for themselves, MBC executives falsified the life expectancies of the insured parties and paid kickbacks to physicians for signing fraudulent documents that were provided to investors. The scheme defrauded over 28,000 investors out of approximately $956 million. To date, seven individuals have been convicted of securities fraud charges for their roles in the scheme, including former MBC president Peter Lombardi, who was sentenced to 20 years imprisonment in January 2007.

FY 2012 Outcome Goal: Favorably resolve 90% of Criminal Cases (litigating divisions)
FY 2012 Outcome Goal: Favorably resolve 80% of Civil Cases (litigating divisions)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

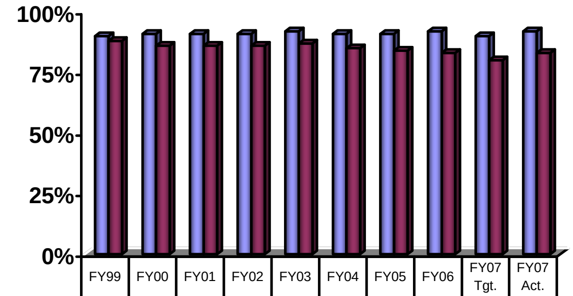
Background/Program Objectives: Goal II of the Department's Strategic Plan describes the role of the Department as the Nation's chief litigator, representing the United States Government in court, enforcing federal civil and criminal statutes, including those protecting civil rights, safeguarding the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

Performance Measure: Percent of Cases Favorably Resolved
FY 2007 Target:
Criminal Cases: 90%
Civil Cases: 80%
FY 2007 Actual:
Criminal Cases: 92%
Civil Cases: 83%

Discussion of FY 2007 Results: Through the efforts of the Department's litigating attorneys, the Offices, Boards and Divisions (OBD) have consistently exceeded the targets for the percentage of criminal and civil cases resulting in court judgments that have been favorable to the government. The strong partnerships among the Department and other federal, State, and local investigators, OBD prosecutors, and dedicated staff have contributed to this extraordinary success rate.

As an example, in FY 2007, the Civil Division exceeded its target by defeating billions of dollars in unmeritorious claims and successfully defending the government in suits involving counterterrorism initiatives, federal policies and programs, military actions, and commercial activities. The Division also pursued affirmative litigation, which resulted in the return of billions of dollars to the Treasury, Medicare and other entitlement programs.

Percent of Cases Favorably Resolved



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07 Tgt.	FY07 Act.
Criminal	90%	91%	91%	91%	92%	91%	91%	92%	90%	92%
Civil	88%	86%	86%	86%	87%	85%	84%	83%	80%	83%

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

Data Collection and Storage: Data are currently captured within each component's automated case management system and companion interface systems. Representatives from each component providing data for this measure are currently participating in a working group to build a litigation case management system (LCMS) to collect and manage case information. The working group is currently discussing and determining system controls and procedures to insure consistent reporting of data across components. Until LCMS is implemented, the following information about this measure should be noted. Currently, cases worked on by more than one component are included in the totals from CRM, CRT, ENRD, and EOUSA. Also, the court's disposition date is used for reporting purposes for ATR, CIV, CRM, CRT, and ENRD, however, EOUSA and TAX use the date it is entered into their current case management system. Additionally, CIV counts at the party level, CRM, ENRD, and EOUSA counts cases at the defendant level, CRT and TAX count Civil and Criminal cases. Lastly, ATR includes Criminal, Civil, Civil Merger, and Civil Non-Merger, ENRD includes, affirmative, defensive, criminal, and condemnation cases in their totals. Once LCMS is fully implemented, all components will be using the same procedures for reporting.

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

Data Limitations: Data quality suffers from the lack of a single DOJ case management system and a standardized methodology for capturing case related data. Due to the inherent variances in data collection and management, cases may refer to cases or individuals. In addition, due to reporting lags, case closures for any given year may be under or over-reported. To remedy these issues, the Department is currently developing a LCMS to standardize methodologies between the components and capture and store data in a single database. Further, Criminal Division data for FYs 1999 through 2002 are estimates. Actual data are not available due to technical and policy improvements that were not implemented until FY 2003. Lastly, EOUSA data does not include information for the month of September 2005 for the Eastern District of Louisiana due to Hurricane Katrina.
Katrina.

FY 2012 Outcome Goal: Return 58% of assets/funds to creditors in Chapter 7 cases
FY 2012 Outcome Goal: Return 85% of assets/funds to creditors in Chapter 13 cases
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

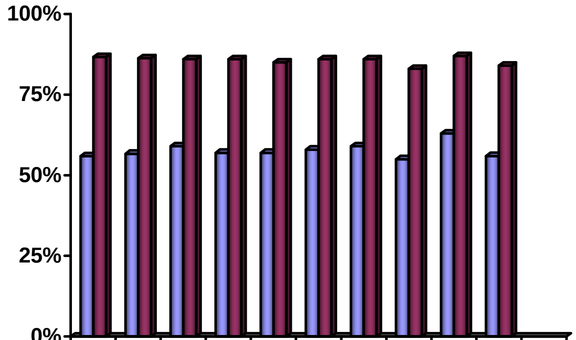
Performance Measure: Percent of Assets/Funds Returned to Creditors for Chapter 7 and Chapter 13

FY 2006 Target:	Chapter 7: 55% Chapter 13: 83%
FY 2006 Actual:	Chapter 7: 63% Chapter 13: 87%
FY 2007 Target:	Chapter 7: 56% Chapter 13: 84%
FY 2007 Actual:	Data not available until January 2008 for Chapter 7 and April 2008 for Chapter 13 because of the need to audit data submitted by private trustees prior to reporting.

Discussion of Results: In FY 2006, the USTP exceeded its target. The USTP utilizes a comprehensive process that ensures that cases filed each year are effectively and efficiently moved through the bankruptcy system. This includes following-up on deficiencies, ensuring that old cases are closed promptly, ensuring that assets are identified and distributed in a timely manner, and that action is initiated quickly when private trustees fail to comply with their obligations. In FY 2007, USTP's civil enforcement efforts resulted in potential additional returns to creditors of $870.6 million (Note: Total FY 2007 potential additional returns to creditors include dollar amounts associated with discharges under 11 U.S.C. 1328(f), a provision added to the Bankruptcy Code by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005).

In updating OMB's Program Assessment Rating Tool information, the Program revaluated its targets and workload, and subsequently revised the targets for this performance measure for FY 2007 and beyond. These more aggressive measures reflect the Program's success in returning to creditors those funds available from the bankruptcy estate in Chapter 7 cases and by trust funds in Chapter 13 cases. The Program goal is to return the maximum amount possible, recognizing that certain legitimate expenses must be paid and that returning 100 percent of assets will never be possible. Funds not distributed to creditors may include private trustee compensation, professional fees and other costs of administering the bankruptcy case.

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



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06 Tgt.	FY06 Act.	FY07 Tgt.	FY07 Act.
Chapter 7	56%	57%	59%	57%	57%	58%	59%	55%	63%	56%	TBD
Chapter 13	87%	86%	86%	86%	85%	86%	86%	83%	87%	84%	TBD

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

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

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

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

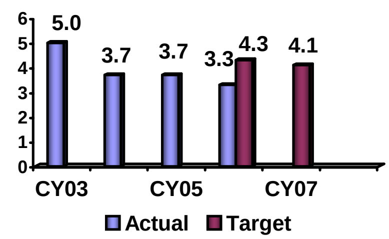
FY 2012 Outcome Goal: Reduce homicides at Weed and Seed Program sites from 4.4 (CY 2005) to a maximum of 4.0 per Weed and Seed site by 2012
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Performance Measure: Number of homicides per Site (funded under the Weed and Seed Program)
CY 2003 Revised Actual: 5.0 (previous actual: 4.6)
CY 2004 Revised Actual: 3.7 (previous actual: 4.5)
CY 2006 Target: 4.3 homicides per site
CY 2006 Actual: 3.3 homicides per site
CY 2007 Target: 4.1 homicides per site
CY 2007 Actual: Data for this measure is collected on a calendar year basis and will be available in October 2008.

Discussion of Calendar Year (CY) 2006 Results: The Department collects Weed and Seed program measure data from its sites on the measure, "Number of homicides per site (average for sites reporting)." The target for CY 2006 was to reduce the number of homicides per site to 4.3. Actual CY 2006 performance was approximately 3.3 homicides per site. The dataset analyzed is statistically small in terms of both actual data values (the average number of homicides per site is generally in the single or low two digits for most target areas) and the number of sites in the analysis, while substantial, is not large for a national sample of communities. Additionally, the magnitude of annual variations in the average number of homicides can be relatively large for the aggregate values that are being reported. The 2006 actual of 3.3 homicides per site represents 83.2 percent (247 sites divided by a total of 297 sites expected to submit reports) of the sites reporting as of September 2007.

Number of Homicides per Site



Data Collection and Storage: Weed and Seed grantees report performance measure data via a standard report required on an annual basis. The report is made available in the OJP's Grant Management System (GMS).

Data Validation and Verification: The CCDO validates and verifies performance measures through site visits and follow-up phone calls conducted by the Justice Research and Statistics Association and by CCDO's Federal Bureau of Investigation (FBI) Fellows. Additionally, homicide statistics obtained by jurisdictions are verified against the Uniform Crime Report published annually by the FBI. Discrepancies in these reports are followed up for possible explanations, such as reporting system changes or errors. Note: In Spring of 2007, the OJP validated previously reported actuals through the use of CCDO source documentation, and determined that the actuals were consistent with performance data reported in Program Assessment Rating Tool (PART) Web. Therefore, CY 2003 through CY 2005 actuals were adjusted.

Data Limitations: The actual number reported for each year reflects the previous year's homicides. In the table above, actuals reported for the baseline year 2004 reflect the homicides during CY 2003. Similarly, 2005 actuals represent data from CY 2004. Accordingly, this measure will report on CY 2006 results.

There are slight variances in the group of local sites reporting each year due to some sites' Official Recognition status expiring and adding newly funded sites. For this reason, the OJP requests multiple years of crime data in every CCDO required annual GPRA report, so that we can do multi-year analyses for the same group of sites and jurisdictions. This means that the average number of homicides reported for a given calendar year will be different for every year's GPRA dataset.

Discussion of CY 2007 Results: Data for this measure is collected on a calendar year basis and will be available in October 2008.

FY 2012 Outcome Goal: Realize a 31% reduction in the Casework DNA backlog by FY 2012.
FY 2007 Progress: The Department is on target to achieve this long-term goal.

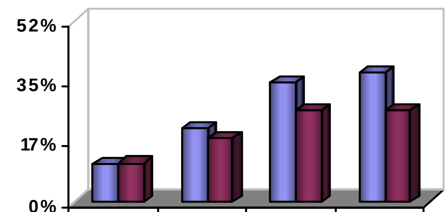
***Background/Program Objectives*:** The Department's National Institute of Justice (NIJ) administers the DNA Backlog Reduction Program. The DNA Backlog Reduction program exists to reduce the convicted offender DNA backlog of samples (i.e., physical evidence taken from a convicted offender, such as blood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

Performance Measure: Percent Reduction in DNA Backlog

FY 2007 Target: Casework: 26%
FY 2007 Actual: Casework: 37%

Discussion of FY 2007 Results: OJP exceeded its target of a 26 percent reduction in DNA backlog for casework with an actual result of 37 percent, due to increased funding of $10 million for this program. The additional funding allowed additional samples to be analyzed and reported. Outyear targets are difficult to estimate due to the direct relationship of funding to casework sample analysis. Additionally, the level of funding is not known at the time the targets are established.

Percent Reduction in DNA Backlog



	FY04	FY05	FY06	FY07
Actual	11%	21%	34%	37%
Target	11%	18%	26%	26%

Actual Target

Data Definition: The objective of this program is to accelerate the analysis of backlogged DNA casework samples in order to provide CODIS-compatible data for all 13 CODIS core Standard Tandem Repeat (STR) loci for State and national DNA databases, so that law enforcement is provided with critical investigative information in a timely manner. NIJ computes this measure by calculating the cumulative number of backlogged DNA cases federally-funded for analysis (103,824) and divides it by the total number of backlogged DNA cases (278,352), as reported in the *National Forensic DNA Study Report Final Report* (Smith Alling Lane (SAL p.14) by the Division of Governmental Studies and Services Washington State University and SAL. The 2003 study provided DNA casework backlog data which included both cases that had not been submitted to forensic laboratories by law enforcement agencies (~221,000 cases) as well as DNA cases that were in State and local forensic laboratories (~57,300 cases) awaiting analysis (SAL p.3).
Using the figures in this study as a baseline, the DNA casework backlog reduction program has provided funding above and beyond what was needed to eliminate the backlog reported by State and local forensic laboratories (~57,300 cases) and to expand their DNA analysis to address cases which previously had not been submitted for analysis (~221,000).

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

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

Data Limitations: None known at this time.

FY 2012 Outcome Goal: Continue to ensure a 75% or greater recovery rate in the number of children recovered within 72 hours of the issuance of an Amber Alert through FY 2012
FY 2007 Progress: The Department is on target to achieve this long-term goal.

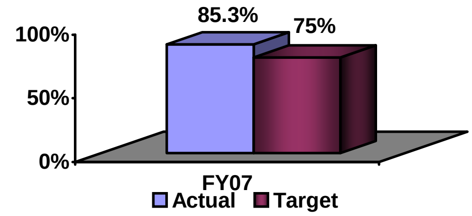
***Background/Program Objectives*:** In October 2002, at the first White House Conference on Missing, Exploited, and Runaway Children, President George W. Bush directed the Attorney General to designate a DOJ official to lead the effort in expanding the AMBER Alert system nationwide. Since that time, the Assistant Attorney General for the Office of Justice Programs has served as the National AMBER Alert Coordinator.

Research shows that an abductor who intends to murder a child victim will likely do so within three to four hours following the abduction. To prevent this and other harm to the child, it is critical to post and resolve AMBER Alerts as soon as possible. Therefore, the AMBER Alert program supports training and technical assistance to State and regional AMBER Alert teams to encourage them to use the best practices available so that children can be located and reunited with their families as quickly as possible.

The substantial increase in the number of recovered children since the strategy was put in place is evidence that the program is working well. Since AMBER Alerts began in 1996, 360 children have been recovered. Over 90 percent of the total number of successful recoveries to date have occurred since October 2002, when AMBER Alerts became a coordinated national effort.

This progress is attributable to better coordination and training at all levels, increased public awareness, technological advances, and cooperation among law enforcement, transportation officials, and broadcasters. At the end of 2001, there were only four statewide plans, and now all 50 states have plans in place.

NEW MEASURE: Percent of Children Recovered within 72 Hours of an issuance of an AMBER Alert



Data Definition: Recovery rate is determined by comparing the total number of AMBER Alerts cancelled within 72 hours of issuance because the subject child/children are recovered divided by the total number of children involved in AMBER Alerts issued multiplied by 100. The result is expressed as a percentage.

Data Collection and Storage: Data are collected by NCMEC from law enforcement and the National Crime Information Center database. This database stores the child's name and other critical data elements, including the Child Abduction flag. The Child Abduction Flag serves to automatically notify NCMEC and the FBI that a child abduction has occurred. These data are retrieved to provide information on recoveries.

Data Validation and Verification: Data for this measure are validated and verified through: a review of progress reports submitted by grantees; telephone contact; and monitoring.

Data Limitations: None known at this time.

Performance Measure: NEW MEASURE: Percent of Children Recovered within 72 Hours of an issuance of an AMBER Alert

FY 2007 Target: 75%
FY 2007 Actual: 85.3%

Discussion of FY 2007 Results: The target of 75 percent was exceeded by 10.3 percent. Contributing to achieving a result of 85.3 percent was the enhancement of the Secondary Distribution Provider system. This enhancement has added extra efficiencies for making the public more aware of existing and new alerts. Prior to the Secondary Distribution Provider system, the public was alerted through television or perhaps a highway road sign. Enhancing the Secondary Distribution Provider system has assisted in alerts being broadcast via email, internet, and cell phones. The utilization of these new methods of broadcast has increased public awareness and assisted with an increase in recoveries.

Additionally, in FY 2007, the AMBER Alert Program completed a number of activities: The following are actual results for various accomplishments that are tracked, based on the National Center for Missing & Exploited Children (NCMEC) monitored activity: Number of Participants Provided NCMEC-led AMBER Alert Training:

1,345; Number of Requestors Provided NCMEC-technical assistance: 5,245; AMBER Alert Secondary Distribution (Number of Secondary Notifications Issued): 180; and Number of Secondary Distribution Providers: 10 partners added for a total of 54.

III

STRATEGIC GOAL 3: Ensure the Fair and Efficient Administration of Justice

37% of the Department's Net Costs support this Goal.

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

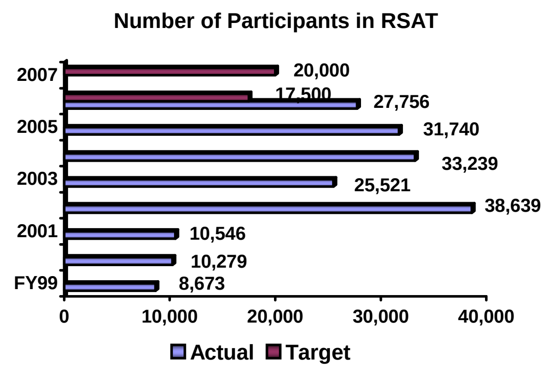
FY 2012 Outcome Goal: Ensure an additional 120,000 individuals receive the services of the Residential Substance Abuse Treatment (RSAT) program (FY 2007-2012)
2007 Progress: The Department is on target to achieve this long-term goal.

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

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

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

2005 Revised Actual: 31,740



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

Data Validation and Verification: Data are validated and verified through a review by program managers. In Spring of 2007, the 2005 performance data were reverified by the Bureau of Justice Assistance (BJA). BJA determined that the actual count was 31,740 rather than 35,350 reported in the 2006. The variance in the number previously reported is a result of the OJP's continuing efforts to enhance data collection and data verification processes. In addition, since the OJP last reported, the Office of the Inspector General audited this performance measure. As a result, previously submitted numbers were updated and resubmitted to reflect more accurate numbers and additional reports received from some states.

Data Limitations: Data collected and reported for 2007 for the RSAT program is according to the grantee's fiscal year, which is not the same year for all grantees (i.e., some grantees have a fiscal year end as of June 30 and also as of September 30), however, data reported does cover a single consecutive 12-month period.

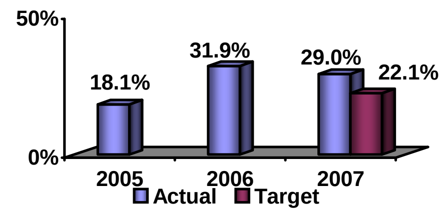
2006 Target: 17,500
2006 Actual: 27,756
2007 Target: 20,000
2007 Actual: Data for this measure is reported on a calendar year basis and will be available in October 2008.

Discussion of 2006 Results: The target of 17,500 was exceeded by 10,256. There are many contributing factors that determine the number of people who complete the RSAT program including eligible offenders, available staff and treatment providers, security issues, and the State's ability to provide the required 25 percent matching funds. Our target of 17,500 was based on prior year trends with the knowledge that in FY 2004, federal funding for this program was eliminated. This lack of funding resulted in scaled back programs in certain individual States. With the return of funding in FY 2005, States had to again readjust their RSAT programs, resulting in the fluctuation in the target and actual data.

FY 2012 Outcome Goal: Increase the graduation rate of drug court participants from 21% (FY 2005) to 32% by FY 2012
2007 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: According to data from the most recent National Crime Victimization Survey published in 2002, there were 5.3 million violent victimizations of residents age 12 or older. Victims of violence were asked to describe whether they perceived the offender to have been drinking or using drugs. About 29 percent of the victims of violence reported that the offender was using drugs, or drugs in combination with alcohol. These facts demonstrate that the need for drug treatment services is tremendous. The OJP has a long history of providing drug-related resources to its constituencies in an effort to break the cycle of drugs and violence by reducing the demand, use, and trafficking of illegal drugs.

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



Data Definitions: Drug Courts Program Participants are the number of eligible program participants during the reporting period. Graduation Rate of Program Participants is calculated by dividing the number of graduates during the reporting period (numerator)and number of eligible program participants during the reporting period (denominator).

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

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

Data limitations: End of year performance data for the Drug Court Program is provided by semi-annual progress reports via the GMS in August. Beginning with data reported for 2007, data collected and reported will cover a single consecutive 12-month period, from July 1, 2006 through December 31, 2006 and January 1, 2007 through June 30, 2007.

The drug court movement began as a community-level response to reduce crime and substance abuse among criminal justice offenders. This approach integrated substance abuse treatment, sanctions, and incentives with case processing to place non-violent drug-involved defendants in judicially supervised rehabilitation programs. The Department's Drug Courts Program is administered by Bureau of Justice Assistance. The Drug Courts Program was established in 1995 to provide financial and technical assistance to States, State courts, local courts, units of local government and Indian tribal governments in order to establish drug treatment courts. Drug courts employ the coercive power of the judicial system to subject non-violent offenders to an integrated mix of treatment, drug testing, incentives and sanctions to break the cycle of substance abuse and crime. This community-level movement is supported through drug court grants and targeted technical assistance and training. Since 1989, more than 1,000 jurisdictions have established or are planning to establish a drug court. Currently, every State either has a drug court or is planning a drug court.

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

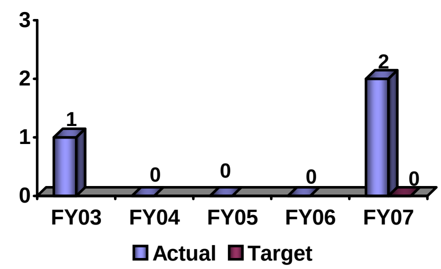
> ***2007 Target:*** 22.1%
> ***2007 Actual:*** 29.0%

Discussion of 2007 Results: The target of 22.1 percent was exceeded by 6.9 percent. The data compiled for this reporting period include grants awarded in FY 2004, FY 2005, and FY 2006. The Drug Court Program experienced a dramatic decrease in funding in FY 2006 ($10 million in FY 2006 versus $40 million in FY 2005). This success may be derived from an emphasis on training and technical assistance and a refocusing of the Drug Court Program with the reduction in funding. Drug courts across the country have become more effective in their graduate rates due to the additional concentration on training the staff and partners within individual drug courts. This has led to a more efficient drug court program and an increase in the graduation rate.

FY 2012 Outcome Goal: Ensure that no judicial proceedings are interrupted due to inadequate security
FY 2007 Progress: The Department is on target to achieve this long-term goal. Although this target was missed in FY 2007, the Department is still dedicated to ensuring that no judicial proceedings are interrupted due to inadequate security.

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

Number of Judicial Proceedings Interrupted Due to Inadequate Security



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

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

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

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

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

FY 2007 Target: 0
FY 2007 Actual: 2

Discussion: The USMS was unable to meet its FY 2007 target of zero judicial proceedings interrupted due to inadequate security because of two courtroom incidents. During both of these incidents, Deputy U.S. Marshals (DUSM) were attempting to escort defendants who were recently placed into USMS custody by the presiding judge out of the courtroom when the defendants became non-compliant. In both situations, the DUSM gave several unsuccessful verbal warnings instructing the individuals to comply with the DUSM orders. Brief physical altercations ensued and support from other agency law enforcement personnel in the vicinity was required in order to gain control of the defendants. This need for additional personnel qualifies these two incidents to be reported under this performance measure. At no time during either incident were the public or the courtroom personnel in any physical danger, nor did either judge leave the bench.

Both incidents occurred in the District of Columbia (D.C.) Superior Court which is an environment and population that is truly unique within the Marshals Service. The D.C. Superior Court operates in a D.C. Court owned and operated building unlike all other district courthouses which are operated by the General Services Administration. The Office of the Inspector General (OIG) recently concluded that USMS space in the D.C. Superior Court's Moultrie Courthouse fails to meet security standards for detention facilities and occupational health and safety standards for administrative buildings, and that this results in unacceptable working conditions. These conditions have a tremendous impact on the USMS discharging its duties at the D.C. Superior Court. The USMS has been working with the D.C. Courts to try to address the OIG recommendations.

The D.C. Superior Court operates more than a dozen high volume arraignment courts, creating significant staffing challenges. The USMS is examining deputy staffing in the D.C. Superior Court to determine if allocation methods need to be adjusted. Concurrently, this district has received additional slots in the most recent DUSM hiring class in order to fill vacant positions, thereby increasing available on-board staffing.

Revised FY 2012 Outcome Goal: Apprehend or clear 56% or 33,192 primary fugitives
FY 2007 Progress: The Department is on target to achieve this long-term goal. The Department's FY 2007 Program Assessment Rating Tool (PART) review of this program resulted in a more focused effort to measure its activities that have the greatest impact on public safety.

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

The USMS has changed its fugitive apprehension key indicator measure from "Number of Federal Felony Fugitives Cleared or Apprehended" to "Number and Percent of Primary Federal Felony Fugitives Cleared or Apprehended." This was a result of the Office of Management and Budget's (OMB) PART evaluation of the Fugitive Apprehension Program. The OMB and the USMS agree that this measure more accurately reflects the primary mission of the Fugitive Apprehension Program. The prior key indicator measure included cases in which the USMS was not the primary apprehending agency and also fugitives wanted for less-serious crimes, e.g., traffic violations. The current measure addresses these issues by including cases in which the USMS has primary apprehension authority and cases that have a greater impact on public safety, which are a priority of the Fugitive Apprehension Program.

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

Additionally, the USMS is responsible for assisting other law enforcement agencies with the location and apprehension of non-compliant sex offenders, as well as investigating and charging for violations of the Adam Walsh Child Protection and Safety Act of 2006. A non-compliant sex offender is a sex offender that has failed to comply with his or her sex offender registration requirements.

The USMS also provides investigative support such as telephone monitoring, electronic tracking, and audio-video recording, and analytical expertise. The USMS maintains its own central law enforcement computer system, the Warrant Information Network (WIN), which is instrumental in maintaining its criminal investigative operations nationwide.

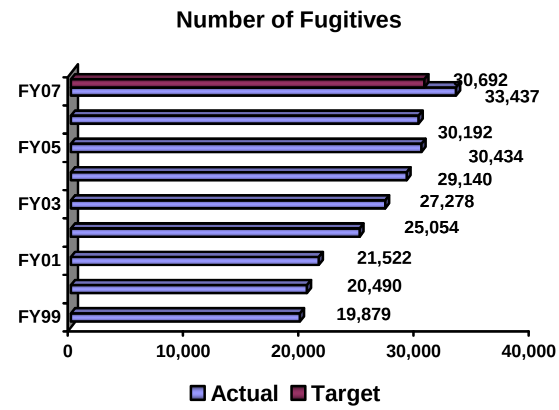
In addition, the USMS is able to enhance fugitive investigative efforts through data exchanges with other agencies, such as the Social Security Administration, the DEA, the Department of Agriculture, the Department of Defense, the Department of State, and a variety of State and local task forces around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

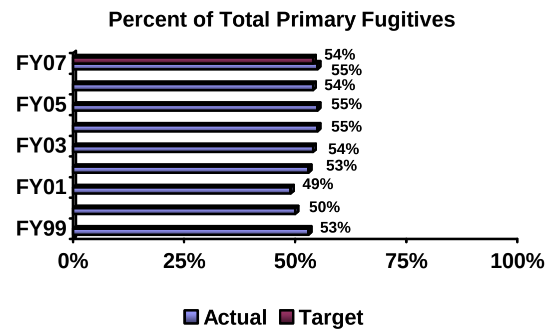
Performance Measure: NEW MEASURE: Number and Percent of Primary Federal Felony Fugitives Cleared or Apprehended

FY 2007 Target: 30,692 or 54%
FY 2007 Actual: 33,437 or 55%

Discussion of FY 2007 Results: The USMS exceeded its targets of 30,692 primary federal felony fugitives cleared or apprehended and 54 percent of total primary federal felony fugitives received or on-hand. The USMS used a combination of fugitive apprehension strategies to obtain these results. These strategies included Regional Fugitive Task Forces and District Fugitive Task Forces, Federal And Local Cops Organized Nationally Operations (a week-long, intense coordination of federal, State, and local law enforcement led by the USMS to apprehend violent fugitives), and technical surveillance (provided by the Technical Operations Group), such as video, audio, and aerial surveillance, through electronic measures. Together, these strategies allowed the USMS to exceed its target of fugitives apprehended or cleared by over 2,700 and its percentage target of total fugitives received or on-hand, by 1 percent.

NEW MEASURE: Primary Federal Felony Fugitives Cleared or Apprehended





Data Definition: A primary federal felony fugitive has a warrant(s) in which the USMS has primary apprehension responsibility. The USMS has primary jurisdiction to conduct and investigate fugitive matters involving escaped federal prisoners, probation, parole, bond default violators, warrants generated by the DEA referred for USMS investigation, warrants referred by other federal law enforcement agencies, warrants referred by state and local agencies through USMS led district and regional fugitive task forces, and certain other related felony cases. A fugitive is considered cleared if the fugitive is arrested, has a detainer issued, or the warrant is dismissed. The percent cleared is calculated by dividing the number of cleared fugitives by the sum of received fugitives (fugitives who had a warrant issued during the fiscal year) and on-hand fugitives (fugitives who had an active warrant at the beginning of the fiscal year).

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

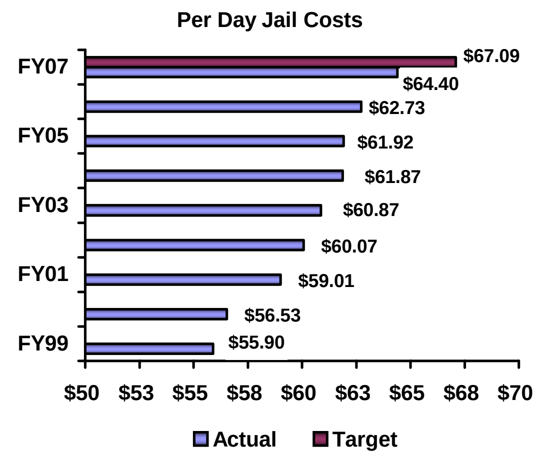
Data Validation and Verification: Warrant and fugitive data are verified by a random sampling of NCIC records generated by the FBI. The USMS coordinates with district offices to verify that warrants are validated against the signed paper records. The USMS then forwards the validated records back to NCIC.

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

FY 2012 Outcome Goal: Hold the average per day jail cost for federal detention at or below inflation.
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

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



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

Data Collection and Storage: Data are maintained in 94 separate district Prisoner Tracking System (PTS) databases. This information is downloaded on a nightly basis to the Justice Detainee Information System (JDIS). All prisoner statistical reporting now comes from the JDIS system. Jail rate information is maintained in PTS/JDIS by USMS Headquarters and is updated as changes are made to contractual agreements.

Data Validation and Verification: Monthly data from JDIS is verified each month by completing a comparison, by district, between obligation data being reported out of Financial Management Information System and prisoner program data reported from JDIS. Jail rate information is verified and validated against actual jail contracts.

Data Limitations: Previous limitations on the access to timely data have been eliminated through the implementation of JDIS. Much more robust data reporting is available now than in the past. The only limitation is ensuring that USMS district level input into PTS occurs in a timely and correct manner.

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

Performance Measure: Per Day Jail Costs
FY 2007 Target: $67.09
FY 2007 Actual: $64.40

Discussion of FY 2007 Results: In FY 2007, OFDT maintained the per day jail (federal detention) costs below the targeted level. This was accomplished through an enterprise approach to securing detention space, well managed contract efforts as well as successful detention alternatives.

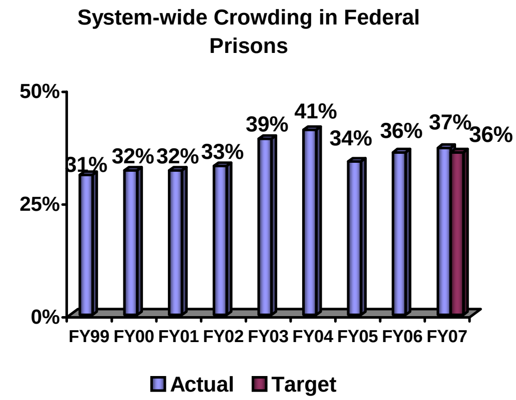
FY 2012 Outcome Goal: Reduce system-wide crowding in federal prisons to 28% by 2012
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Performance Measure: System-wide Crowding in Federal Prisons

FY 2007 Target: 36%
FY 2007 Actual: 37%

Discussion of FY 2007 Results: The FY 2007 target was not met. The actual crowding rate was 37 percent, higher than the target of 36 percent for fiscal year end. At the time the target was established, the overall projected inmate population for FY 2007 was 197,584, with 165,756 of those inmates being housed inside BOP institutions. At the end of the fiscal year, the actual population was 200,020, exceeding the target population by 2,436. The inmate population of BOP institutions was 167,323, exceeding the target population by 1,567 inmates which increased system-wide crowding in BOP institutions to 37 percent.



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

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

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

Data Limitations: None known at this time.

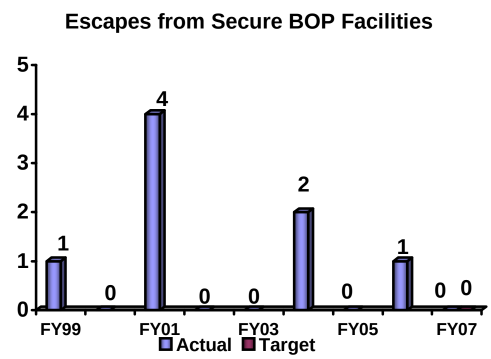
FY 2012 Outcome Goal: Ensure that there will be no escapes from secure Bureau of Prisons facilities
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Performance Measure: Escapes from Secure BOP Facilities

FY 2007 Target: 0
FY 2007 Actual: 0

Discussion of FY 2007 Results: During FY 2007, the BOP had no escapes from secure BOP facilities.



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

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

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

Data Limitations: None known at this time.

FY 2012 Outcome Goal: Comparative recidivism rates for Federal Prison Industry inmates: 15% 3 years following release, and 10% 6 years following release
FY 2007 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: An objective of the Federal Prison Industry's (FPI) is to reduce recidivism by providing job training and helping inmates develop basic work ethics and marketable skills, thereby allowing inmates to becoming productive law-abiding citizens. A study conducted in FY 2005 was consistent with an earlier well designed evaluation of the effects of the prison industries experience. Both evaluations found that inmates who had participated in FPI were less likely to recidivate after release from prison than similarly situated non-participants. This measure will assess group differences 3 years and 6 years after release for recidivism defined as either: arrest for new charges and return to prison for a new offense. The targets for inmates released in 2000-2003 are: Inmates who participate in FPI will remain 15 percent less likely to recidivate at 3 years, and 10 percent less likely to recidivate at 6 years, after release from a secure facility, compared to similarly situated inmates who did not participate.

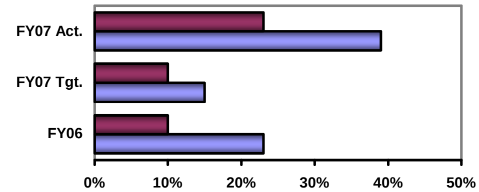
Performance Measure: Comparative Recidivism for FPI Inmates vs. Non-FPI Inmates

FY 2007 Target: 6 years; 10%
3 years; 15%

FY 2007 Actual: 6 years; 23%
3 years; 39%

Discussion of FY 2007 Results: FPI exceeded the FY 2007 targets of 15 percent less likely to recidivate at 3 years and 10 percent less likely to recidivate at 6 years with actual results of 39 percent and 23 percent, respectively.

Comparative Recidivism for FPI Inmates vs. Non-FPI Inmates



	FY06	FY07 Tgt.	FY07 Act.
6 Years Post Release	10%	10%	23%
3 Years Post Release	23%	15%	39%

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

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

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

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

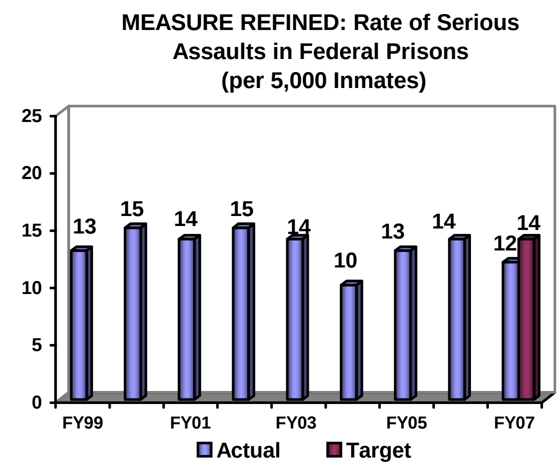
FY 2012 Outcome Goal: Limit the rate of serious assaults in Federal prisons to 14 assaults per 5,000 inmates
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Performance Measure: MEASURE REFINED**:** Rate of Serious Assaults in Federal Prisons (per 5,000 Inmates) [*Formerly:* Rate of Assaults in Federal Prisons (per 5,000 Inmates)]

FY 2007 Target: 14
FY 2007 Actual: 12

Discussion of FY 2007 Results: The FY 2007 target was met. The rate of serious assaults was 12 per 5,000 inmates, lower than the target rate of 14 per 5,000 inmates for FY 2007.



Data Definition: Reported assault rate is based on guilty findings of serious assaults. Serious assaults involve serious physical injury being attempted or carried out by an inmate. They include sexual assaults as well as armed assaults on the institution's secure perimeter.

Data Collection and Storage: Data are collected from the BOP's operational computer system (SENTRY), specifically the Chronological Disciplinary Record (CDR) module, which records all disciplinary measures taken with respect to individual inmates. The data are maintained and stored in the BOP's management information system (Key Indicators), which permits retrieval of data in an aggregated manner. The data represents guilty findings of serious assaults on inmates.

Data Validation and Verification: The most senior managers in the agency conduct annual reviews of institution performance including assaults and other misconduct. Additionally, during Program Reviews (which are conducted at least every three years), annual operational reviews, and Institution Character Profiles (which are conducted every three years), reviews of assaults and other misconduct patterns are accomplished. The SENTRY system is the BOP's operational data system, whereas Key Indicators aggregates the Sentry data and provides an historical perspective.

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

FY 2012 Outcome Goal: Achieve a 99% positive rate in inspection/accreditation results for Federal prison facilities (FY 2007-2012)
FY 2007 Progress: The Department is on target to achieve this long-term goal.

Background/Program Objectives: The BOP has the highest regard for human rights and public safety. Therefore, it strives to maintain facilities that meet the accreditation standards of several professional organizations including the American Correctional Association (ACA). ACA auditors conduct on-site visits to BOP institutions during initial accreditation and re-accreditations. Institutions' ACA accreditation must be renewed tri-annually.

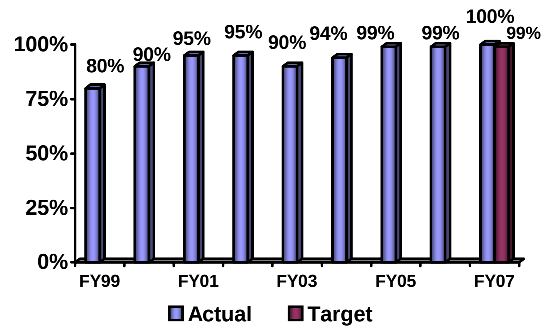
Performance Measure: Inspection Results—Percent of Federal Facilities with ACA Accreditations

FY 2007 Target: 99%

FY 2007 Actual: 100%

Discussion of FY 2007 Results: In August 2007, the BOP reached 100 percent accreditation by the ACA. For the first time in history, the BOP has achieved 100 percent accreditation, which is a major milestone and accomplishment for the agency. The ACA recognizes agencies that have reached this milestone with its prestigious Golden Eagle award, the highest honor bestowed by ACA.

Inspection Results-Percent of Federal Facilities with ACA Accreditations



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

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

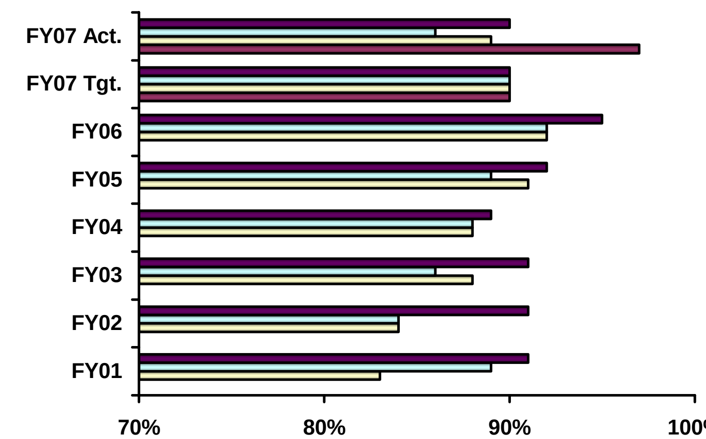
Subject matter experts review report findings to verify accuracy and develop any necessary corrective measures. The ACA accreditation meeting minutes, identifying the institutions receiving accreditation and re-accreditation, are now on file and maintained by the BOP Accreditation Manager.

Data Limitations: None known at this time.

FY 2012 Outcome Goal: Complete 90% of Executive Office for Immigration Review priority cases within established time frames
FY 2007 Progress: The Department is on target to achieve this long-term goal.

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

Percent of EOIR Priority Cases Completed Within Established Time Frames



	FY01	FY02	FY03	FY04	FY05	FY06	FY07 Tgt.	FY07 Act.
Asylum	91%	91%	91%	89%	92%	95%	90%	90%
IHP	89%	84%	86%	88%	89%	92%	90%	86%
Detained Cases	83%	84%	88%	88%	91%	92%	90%	89%
Detained Appeals	N/A	N/A	N/A	N/A	N/A	N/A	90%	97%

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

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

Data Limitations: None known at this time.

Performance Measure: Percent of EOIR Priority Cases Completed Within Established Time Frames

FY 2007 Target: 90% (all categories)

FY 2007 Actual:

Immigration Court Expedited Asylum Cases Completed Within 180 Days: 90%

Immigration Court Institutional Hearing Program Cases Completed Prior to Release from Incarceration: 86%

Immigration Court Detained Cases (Without Applications for Relief) Completed Within 30 Days: 89%

Immigration Court Detained Appeals Completed Within 150 Days: 97 %

Discussion of FY 2007 Results: In FY 2007, EOIR exceeded one of its targets, met another target, and missed two targets by small percentages. The target for the BIA was new this year; it reflects the highest priority cases that the Board adjudicates. The Board was able to exceed its target through two techniques: implementation of strict time lines for each step within the adjudicatory process and effective management of human resources. The immigration courts met their target of completing 90 percent of expedited asylum cases within 180 days through the careful monitoring of caseloads within each immigration court. However, the immigration courts fell short of meeting their other two goals in FY 2007, in large part due to the number of vacant immigration judge positions. With regard to the Institutional Hearing Program cases, the DHS often did not file the Notice to Appear in a timely manner, causing EOIR to be unable to ensure that its judges could be present in the various detained locations to conduct hearings prior to the alien's earliest possible release date. Within the detained without applications for relief category, there was a 33 percent increase in receipts of this case type in FY 2007. This large increase in caseload, coupled with the number of immigration judge vacancies nationwide, caused EOIR to miss this goal by one percent.

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Section III Financial Section

Overview

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

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

Consolidated Balance Sheets – Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2007 and 2006.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2007 and 2006. The Department's net cost of operations includes the gross costs incurred by DOJ less any exchange revenue earned from Department activities.

Consolidated Statements of Changes in Net Position – Presents the change in the Department's net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues and other financing sources for the fiscal years ended September 30, 2007 and 2006.

Combined Statements of Budgetary Resources – Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2007 and 2006.

Combined Statements of Custodial Activity – Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2007 and 2006.

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A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

November 13, 2007

I am pleased to report that the Department of Justice earned an unqualified audit opinion on its FY 2007 consolidated financial statements, and particularly pleased that, for the first time, no material weaknesses at the consolidated level were identified in the auditor's report on internal controls. We have demonstrated we can consistently complete our quarterly and annual financial reporting within all the required timelines, and demonstrated we can make substantial progress in reducing both the number and severity of our internal control weaknesses. For the second straight year, we had no Department-level material weaknesses in financial reporting, and, for the first time, no Department-level material weaknesses in information systems controls. Contributing to these improvements has been our OMB Circular A-123 financial reporting assurance process and the resulting changes that managers have implemented to improve the integrity of our financial reporting. Contributing to the improvement in information systems security and controls has been the close collaboration between the Chief Financial Officer organization and the Office of the Chief Information Officer (CIO). The emphasis the CIO community put on the improvement of security and access controls this past year demonstrated truly positive results.

Recognition is due to the Office of Justice Programs this year as it successfully mitigated two prior-year material weaknesses and joined the Assets Forfeiture Fund; Bureau of Prisons; Drug Enforcement Administration; Federal Prison Industries; and the Offices, Boards and Divisions as reporting entities earning unqualified opinions without auditor-reported material weaknesses. In addition, although the Federal Bureau of Investigation had one material weakness in information systems, it was the only reporting entity that did not have any recommendations in the auditor's report on internal control. While progress this year was substantial, our work is unfinished. Where we have remaining deficiencies with the quality of our internal controls over financial operations, the accuracy of certain accounting transactions, financial reporting, and information systems security and access controls, we will continue to aggressively pursue corrective actions. We are also committed to the implementation of the Department's Unified Financial Management System, and this year we will begin to move the first of our financial entities to the new system.

We take our financial accountability seriously, we take the financial management improvement goals of the President's Management Agenda seriously, and we take our commitment to sound agency performance results and providing taxpayer value seriously. We look forward to demonstrating progress on all these commitments in FY 2008.

Lee Lofthus
Chief Financial Officer

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U. S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2007

OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statement of the U.S. Department of Justice (Department) for the fiscal year (FY) ended September 30, 2007. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the consolidated Department audit and eight of the nine component audits. Another independent public accounting firm, Cotton & Company, LLP, performed the remaining component audit, upon which KPMG LLP relied when issuing its report on the consolidated financial statements. For FY 2006, KPMG LLP also performed the consolidated Department audit, and 7 of the 10 component audits. Beginning in FY 2007 the activities and balances of the Department's Working Capital Fund, previously reported separately, are included in the Offices, Boards and Divisions consolidated and combined financial statements.

The Department received an unqualified opinion on its FYs 2007 and 2006 financial statements. This year, at the consolidated level the Department had two significant deficiencies, compared to one material weakness and one reportable condition for FY 2006. Effective for FY 2007, the term "reportable condition" was changed to the term "significant deficiency," and new definitions of material weakness and significant deficiency were introduced in auditing standards generally accepted in the United States. See *Government Auditing Standards* and Office of Management Budget Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

Both of the Department's significant deficiencies are repeat issues, which were reported as one material weakness and one reportable condition during FY 2006. For FY 2007, weaknesses in the general and application controls for each of the Department's component financial systems were reported as a significant deficiency, with the exception of the Federal Bureau of Investigation (FBI) where it was classified as a material weakness. The Department's significant deficiency related to financial reporting includes several serious but isolated issues, including the U.S. Marshals Service's (USMS) financial accounting and reporting quality-control and assurance, and funds management controls; the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) accounts payable process; the Office of Justice Programs' (OJP) grant advance and payable estimation process, and grant deobligation process; the Offices, Boards and Divisions' (OBDs) status of obligations controls, and preparation, review, and approval of journal entries; and the Assets Forfeiture Fund and Seized Asset Deposit Fund's (AFF/SADF) obligations and disbursements controls, and seized and forfeited property controls.

While the Department's financial statement audit results have continued to improve, the Department still lacks sufficient automated systems to readily support ongoing accounting operations and financial statement preparation. Inadequate, outdated, and in some cases non-integrated financial management systems do not provide certain automated financial transaction processing activities that are necessary to support management's need for timely and accurate financial information throughout the year. Many tasks still must be performed manually at interim periods and at year end, requiring extensive manual efforts on the part of financial and audit personnel. These significant, costly, and time-intensive manual efforts will continue to be necessary for the Department and its components to produce financial statements until automated, integrated processes and systems are implemented that readily produce the necessary information throughout the year. While the Department is proceeding towards a Unified Financial Management System (UFMS) that it believes will correct many of these issues, implementation has been slow and will not be completed across the Department for at least another 5 years.

In the FY 2007 consolidated report on compliance and other matters, the auditors identified no instances of significant non-compliance with applicable laws and regulations. Although some instances of non-compliance were reported at some of the components, the consolidated auditors determined that none of the component level non-compliance issues caused the Department as a whole to be in significant non-compliance.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditors' reports dated November 9, 2007, and the conclusions expressed in the reports. However, our review, while still ongoing, disclosed no instances where KPMG LLP did not comply, in all material respects, with generally accepted government auditing standards.

Comparison of FY 2007 and FY 2006 Audit Results

Reporting Entity	Auditors' Opinion On Financial Statements		Number of Material Weaknesses[1]				Number of Significant Deficiencies[2]			
			Financial		Information Systems		Financial		Information Systems	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Consolidated DOJ	U[3]	U	0	0	0	1	1	1	1	0
OBDs	U	U	0	0	0	0	2	0	1	1
AFF/SADF	U	U	0	0	0	0	2	1	1	1
FBI	U	U	0	0	1	1	0	0	0	0
DEA	U	U	0	0	0	0	0	0	1	0
OJP	U	U	0	1	0	1	2	1	1	0
USMS	U	U	2	1	0	1	0	0	1	0
BOP	U	U	0	0	0	0	0	0	1	1
FPI	U	U	0	0	0	0	0	0	1	0
WCF[4]	N/A	U	N/A	0	N/A	0	N/A	1	N/A	1
ATF	U	U	1	1	0	1	0	0	1	0
Component Totals			3	3	1	4	6	3	8	4

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

[1] A material weakness is a significant deficiency (see below), or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

[2] A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

[3] Unqualified opinion – An auditor's report that states the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in conformity with generally accepted accounting principles.

[4] Beginning in FY 2007 the activities and balances of the WCF, previously reported separately, have been included in the financial statements of the OBDs.

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Financial Statements

Inspector General
U.S. Department of Justice

Acting United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the U.S. Marshals Service, which financial statements reflect total assets of $864.8 million and $832.4 million, and total net costs of $1.2 billion and $1.1 billion, as of and for the years ended September 30, 2007 and 2006, respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our report provided herein, insofar as it relates to the amounts included for that component, is based solely on the report of the other auditors. The financial statements of the Federal Bureau of Prisons and the Federal Prison Industries as of September 30, 2006, which financial statements reflected total assets of $8.2 billion and total net costs of $5.3 billion, were audited by other auditors whose reports dated October 27, 2006, expressed unqualified opinions on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2007 and 2006, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, beginning in fiscal year 2007 the activities and balances of the Department's Working Capital Fund, previously reported as a separate entity, have been included in the financial statements of the Offices, Boards and Divisions for fiscal years 2007 and 2006.

As discussed in Note 26 to the consolidated financial statements, the Department changed its method of reporting the reconciliation of budgetary resources obligated to the net cost of operations in fiscal year 2007.

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The September 30, 2007, consolidating and combining information in the *Consolidating and Combining Financial Statements* section is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net costs, changes in net position, budgetary resources, and custodial activity of the Department's components individually. The September 30, 2007, consolidating and combining information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The information in the fiscal year 2007 *Introduction*, *Performance Section*, *Management Section*, and *Appendices* is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2007, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 9, 2007

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Internal Control

Inspector General
U.S. Department of Justice

Acting United States Attorney General
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources and custodial activity (hereinafter referred to as the "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 9, 2007. We did not audit the financial statements of the U.S. Marshals Service as of and for the year ended September 30, 2007, or the financial statements of the U.S. Marshals Service, the Federal Bureau of Prisons, and the Federal Prison Industries as of and for the year ended September 30, 2006. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report, insofar as it related to the amounts included for those components, was based solely on the reports of the other auditors. As discussed in Note 1 to the consolidated financial statements, beginning in fiscal year 2007 the activities and balances of the Department's Working Capital Fund, previously reported as a separate entity, have been included in the financial statements of the Offices, Boards and Divisions for fiscal years 2007 and 2006. As discussed in Note 26 to the consolidated financial statements, the Department changed its method of reporting the reconciliation of budgetary resources obligated to the net cost of operations in fiscal year 2007.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2007 financial statements of the U.S. Marshals Service. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Report on Internal Control*, have been furnished to us. Accordingly, our report on the Department's internal control over financial reporting, insofar as it relates to that component, is based solely on the report and findings of the other auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Department's management is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2007 audit, we considered the Department's internal control over financial reporting by obtaining an understanding of the Department's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in *Government Auditing Standards* and OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial*

Integrity Act of 1982. The objective of our audit was not to express an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

In our fiscal year 2007 audit, we noted, and the report of the other auditors identified, certain matters described in Exhibits I and II that we and the other auditors consider to be significant deficiencies. However, we believe that none of the deficiencies described in Exhibits I and II is a material weakness. Exhibit I is an overview of the significant deficiencies identified in the Department's component auditors' *Independent Auditors' Reports on Internal Control*, and includes an explanation of how these component-level significant deficiencies are reported at the Department level. Exhibit II provides the details of the Department-wide significant deficiencies. Exhibit III presents the status of prior years' Department-wide recommendations.

INTERNAL CONTROL OVER PERFORMANCE MEASURES

As required by OMB Bulletin No. 07-04 in our fiscal year 2007 audit, with respect to internal control related to performance measures determined by management to be key and reported in the *Management's Discussion and Analysis* and *Performance* sections, we and the other auditors obtained an understanding of the design of internal controls relating to the existence and completeness assertions and determined whether these internal controls had been placed in operation. We and the other auditors limited our testing to those controls necessary to report deficiencies in the design of internal control over key performance measures in accordance with OMB Bulletin 07-04. However, our and the other auditors' procedures were not designed to provide an opinion on internal control over reported performance measures and, accordingly, we do not provide an opinion thereon. In our fiscal year 2007 audit, we and the other auditors noted no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.

The Department's responses to the findings identified in our audit are presented in Exhibit II. We did not audit the Department's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government

Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 9, 2007

EXHIBIT I

OVERVIEW OF SIGNIFICANT DEFICIENCIES

The following table summarizes the 18 significant deficiencies identified by the Department's component auditors during fiscal year 2007. The component auditors also considered 4 of these significant deficiencies to be material weaknesses. We analyzed these component-level material weaknesses and significant deficiencies to determine their effect on the Department's internal control over financial reporting and concluded that they comprise two Department-wide significant deficiencies.

Department Significant Deficiencies[1] Noted During Fiscal Year 2007		DOJ	OBDs	AFF	FBI	DEA	OJP	ATF	USMS [2]	BOP	FPI	WCF [3]
Improvements are needed in the Department's component financial systems' general and application controls.[4]		S	S	S	M	S	S	S	S	S	S	n/a
Improvements are needed in the components' internal controls to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles.		S	S S	S S			S S	M	M M			n/a
Total Material Weaknesses Reported by Components' Auditors	FY 2007	4	0	0	1	0	0	1	2	0	0	n/a
	FY 2006	7	0	0	1	0	2	2	2	0	0	0
Total Significant Deficiencies Reported by Components' Auditors	FY 2007	14	3	3	0	1	3	1	1	1	1	n/a
	FY 2006	7	1	2	0	0	1	0	0	1	0	2

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

Legend:
(1) Effective for fiscal year 2007, the term "reportable condition" was changed to "significant deficiency" and new definitions of material weakness and significant deficiency were introduced in auditing standards generally accepted in the United States, *Government Auditing Standards*, and OMB Bulletin No. 07-04.
(2) USMS's financial statements were audited by other auditors.
(3) Beginning in fiscal year 2007 the activities and balances of the Working Capital Fund are included in the OBDs' financial statements.
(4) Includes the Department's Operations Services Staff (OSS), a component of the Office of the Chief Information Officer (OCIO), Justice Management Division (JMD), which has primary responsibility over the information system general controls environment that provides general control support for several DOJ components' financial applications. See related finding in Exhibit II.

M – Material weakness
S – Significant deficiency

In Exhibit II we discuss in detail the Department-wide significant deficiencies noted above.

EXHIBIT II

SIGNIFICANT DEFICIENCIES

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

While the Department has made significant progress in addressing previously-reported material weaknesses, the component entities' auditors continue to identify weaknesses in the general and application controls designed and implemented to protect the integrity of information systems data. However, as a result of the corrective actions taken by the Department and the component entities over the past year, this Department-wide internal control finding has been reduced from a material weakness to a significant deficiency.

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

In support of the Department's fiscal year 2007 consolidated financial statement audit, we performed a review of the DOJ IS general controls environment that provides general control support for several DOJ components' financial applications. The Department's OSS has primary responsibility over the IS general controls environment and the following services: (1) Technology Assessment and Planning Services, (2) Customer Services, (3) Infrastructure Services, and (4) Security and Business Continuity Services. We conducted our general controls environment review for the fiscal year ended September 30, 2007, and reported our detailed findings to the OIG in a separate limited distribution report.

The following table depicts the IS general and application control weaknesses identified by the auditors on the DOJ IS general controls environment and the nine Department reporting components for fiscal year 2007. Following the table, we present brief summaries of the specific conditions reported by the components' auditors.

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

[1] This table summarizes the IS control weaknesses reported in the component auditors' *Independent Auditors' Reports on Internal Control*. For the FBI, the component auditors reported an IS-related material weakness. For OBDs, AFF, DEA, OJP, ATF, USMS, BOP and FPI, the component auditors reported an IS-related significant deficiency.
[2] The OSS IS general controls environment weakness identified in the area of system software impacts the OBDs, AFF, and BOP IS controls environments.

OBDs – Weaknesses in the area of system software were identified in the JMD/OSS IS general controls environment. JMD/OSS has primary responsibility over the IS general controls environment that provides general control support for the OBDs' financial application, FMIS2. JMD implemented corrective actions on all previous and current vulnerabilities prior to the end of the fiscal year.

AFF – Weaknesses were also identified in the Consolidated Asset Tracking System's (CATS) change controls and system software. In addition, the weaknesses identified in the JMD/OSS IS general controls environment impact AFF because AFF uses FMIS2 as its accounting system.

FBI – Weaknesses were identified in the IS general controls environment in the areas of access controls and system software. Based on the results of the IS environment testing and failure of related IS general controls, specific application controls were not tested during the fiscal year 2007 audit. The FBI implemented corrective actions to eliminate the weaknesses, which were validated during the course of the audit.

OJP – Improvement has been made to address many of the prior-year weaknesses. However, weaknesses continued to exist and new weaknesses were identified in the areas of entity-wide security, access controls, system software, and change control procedures for applications.

ATF – A weakness was identified in the IS general controls environment in the area of access controls.

USMS – Significant improvement has been made, however areas for improvement continue to exist within the USMS IS environment. Issues remain open from prior years and new issues were identified during fiscal year 2007. Specifically, weaknesses were noted in application change controls, system software, and access controls.

BOP – Weaknesses continue to exist in controlling access to financially significant systems. Access controls and system software weaknesses were identified. In addition, the weaknesses identified in the JMD/OSS IS general controls environment impact BOP because BOP uses the FMIS2 accounting system.

FPI – Weaknesses in the IS general controls environment exist in the areas of access control, application change controls, and system software.

DEA – Weaknesses in the IS general network control environment exist in the area of access controls.

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

Recommendation

We recommend the Department:

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

Management Response:

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

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

While the Department and its component entities have made progress in addressing previously-reported reportable conditions, the component entities' auditors continue to identify weaknesses in the financial management systems, internal controls, and financial reporting processes that inhibit the component entities' ability to prepare financial statements in accordance with generally accepted accounting principles. Component entities' financial management systems and related internal controls continue to be in need of improvement to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Specifically, the component auditors noted the following deficiencies in the component entities' financial management systems, internal controls, and financial reporting processes (the effects of which were adjusted in the components' financial statements, as appropriate) that comprise the Department-wide significant deficiency.

Financial Accounting and Reporting Quality-Control and Assurance. The USMS implemented several new quality control procedures during the year that enhanced its ability to prepare interim and final financial statements within prescribed timeframes, and, in some respects, more accurately. However, improvements are still needed. The USMS management-review controls over the accuracy and completeness of the underlying accounting data were ineffective in ensuring that all transactions were recorded, processed, summarized, and reported in accordance with the United States Standard General Ledger (USSGL); OMB Circular No. A-136, *Financial Reporting Requirements*; and federal accounting standards. This control deficiency has been reported in the USMS's *Independent Auditors' Report on Internal Control* for the past 7 years.

The USMS's Office of Finance (OF) employs a core group of personnel and contractors to perform the financial statement preparation and quality-control and assurance functions. The expertise within this core group is still evolving, as members enhance their knowledge and understanding of the USMS's business processes, accounting systems, and financial accounting and reporting requirements. However, the component auditors noted that improvements are still needed in the following areas.

Financial Statement Preparation. Based on their review of the USMS's interim financial statements, the component auditors noted the following deficiencies:

- The USMS did not comply with the Department's *Financial Statement Requirements and Preparation Guide* when submitting its interim financial statements. The USMS reported June 30, 2006, financial data as opposed to the required September 30, 2006, data. This error was not detected by the management quality assurance process.

- The USMS made an error in updating its electronic application used to prepare the financial statements. This resulted in a $7.4 million overstatement and equivalent understatement of Unobligated Obligations – Not Available and Unobligated Balances – Available, respectively, in the Statement of Budgetary Resources as of and for the period ended June 30, 2007. The USMS detected this error after the interim financial statements were issued to the Department's finance office.

- The USMS implemented procedures to perform general ledger edit checks on interim financial data but failed to resolve large differences related to one general ledger account edit check. Further research would have disclosed that inclusion of an inappropriate general ledger account in the edit check was the reason for the difference.

General Ledger Account Balances Review and Validation. Component auditors noted that the USMS's June 30, 2007, trial balance included several improper or abnormal balances and account relationship anomalies that resulted from transaction-level posting errors. These errors were not detected by the USMS during its financial reporting process, resulting in significant misstatements in the interim financial statements, including:

- A $21 million understatement in accrued payroll resulting from a reclassification error.

- A $19.1 million abnormal debit balance in accounts payable due to the improper posting of a payroll accrual.

- A $9.8 million collection was erroneously included in accounts receivable resulting in an overstatement of accounts receivable and revenue and an understatement of unfilled customer orders.

- A $7.8 million abnormal credit balance in operating expenses resulting from the use of an incorrect document type for the posting of a refund.

Verification of Audit Deliverables. A data download of undelivered orders as of June 30, 2007, submitted for audit testing included a balance that differed from the corresponding trial balance amount by approximately $167 million. The USMS did not validate the accuracy and completeness of the data before providing it for the component auditors' use. Upon further review, OF personnel determined that certain transaction types were missing from the data download provided to the component auditors.

Upward and Downward Adjustments. The USMS's accounting system does not systematically record upward and downward adjustments in accordance with USSGL posting logic, causing OF personnel to have to manually research adjustments and prepare journal voucher to reclassify accounting transactions to the USSGL accounts established for such adjustments. The process used by the USMS for reclassification entries is not USSGL compliant because it nets upward and downward adjustments at the fund, budget fiscal year, and document-type level. Such adjustments should not be netted because they artificially affect budgetary resources available and obligations incurred.

Noncompliance with the USSGL and the Department's and OMB's financial reporting requirements can have a negative impact on the preparation of the USMS's and the Department's financial statements, resulting in the possibility of significant control deficiencies, if not material weaknesses, that could have adverse effects on the audit opinions.

Funds Management Controls. The USMS does not have adequate financial and compliance controls at district, headquarters, and Justice Prisoner & Alien Transportation System (JPATS) offices to ensure that obligation transactions are executed and recorded in accordance with laws and regulations and related open obligation balances are accurate and complete. The component auditors' interim and year-end testing disclosed accounting errors and instances of noncompliance with accounting standards; OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*; and the USSGL, as follows:

Undelivered Orders. In their interim and year-end testing, component auditors noted:

- District offices did not always establish obligations for approved medical treatment prior to medical services being performed. Two district offices did not record obligations until after the re-priced medical invoices were received. District offices do not have procedures in place to accurately estimate the cost of medical services, which can vary significantly between the amounts invoiced by service providers and the amounts actually paid under Medicare guidelines (the re-priced medical invoice).

- Procedures for reviewing undelivered orders at year end need to be enhanced to ensure that amounts are valid. For example, component auditors noted that $3 million set aside for FY 2006 and FY 2007 rent purposes remained in undelivered orders at September 30, 2007, whereas these amounts should have been accrued as an accounts payable if additional rental billings were anticipated. Otherwise, the amounts should have been de-obligated. Also, District Office and Headquarters supervisory review procedures over month-end closing processes are not adequate to ensure that orders that have been delivered but not yet paid are properly recorded as accounts payable at month end. The component auditors noted obligations totaling $2.9 million included in undelivered orders even though the associated costs had been incurred and should have been recorded as accounts payable.

Accounts Payable (Proprietary) and Delivered Orders – Obligations (Budgetary). In their interim and year-end testing, component auditors noted:

- JPATS made unauthorized commitments under two existing aircraft leases without executing modifications to the lease agreements. The USMS subsequently ratified the unauthorized commitments and payments totaling $3.9 million that were made related to the aircraft lease contracts. In addition, JPATS erroneously established duplicate accounts payable accruals related to these transactions causing accounts payable to be overstated.

- JPATS erroneously accrued $5.0 million as an accounts payable as of September 30, 2007, for new aircraft leases even though the leases had been terminated earlier in the year, resulting in an overstatement of accounts payable.

- The component auditors noted that Headquarters recorded invalid accounts payable totaling $2.2 million as of June 30, 2007.

- One District Office erroneously recorded an accounts payable transaction in the amount of $8.8 million when the transaction should have been recorded in the amount of $841 thousand. This error was not detected in the District Office's month-end closing process, although it was detected by Headquarters as part of its quality control review of related obligations.

The misstatements in District Office and Headquarters undelivered orders and accounts payable resulted primarily from inadequate procedures for reviewing the status of open obligations at month end and year end. Procedures to ensure that recorded accounts payable represent valid and accurate liabilities, orders that have been delivered but not paid and that recorded undelivered orders represent valid obligations are lacking.

The misstatements in JPATS undelivered orders and accounts payable resulted primarily from a lack of communication and coordination between JPATS procurement, budget, and finance staffs concerning the status of contract obligations and liabilities. JPATS' finance office personnel not having been actively involved in the posting of year-end liabilities may also have contributed to the resulting misstatements.

Accounts Payable. Improvements are needed in the ATF's process for recording accounts payable. ATF uses a "receiver" process to indicate that goods and services have been received and are approved for payment. Despite modifications made by ATF to its existing policies and procedures and training provided to purchasing agents involved in the process, the component auditors identified errors in the receiver process controls as well as errors in the recording of transactions related to undelivered orders and the recording of accounts payable. Such errors impacted the amounts reported for net costs of operations and obligations incurred. Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, requires that entities recognize a liability for unpaid amounts once the entity accepts title to the goods received. If invoices are not available when the financial statements are prepared, the amounts owed should be estimated.

The above errors occurred primarily because: (1) purchasing agents did not always identify purchases when the goods and services had been received and accepted, (2) ATF personnel did not perform reviews of the supporting documentation to verify receipt and acceptance of goods and services, and (3) supporting documentation for processed receivers was not always reviewed to ensure that receiver information was accurate and complete. This condition, which was identified as a material weakness in ATF's 2006, 2005, and 2004 *Independent Auditors' Reports on Internal Control*, continued to exist in 2007 although ATF took steps to address the problem. In conclusion, ATF continues to experience difficulty in recording accounts payable transactions through the receiver process and in the recording of adjustment estimates, which can result in misstatement of the accounts payable balances in the financial statements.

Grant Advance and Payable Estimation Process. During the component auditors' testing of the controls over OJP's grant accrual process, they noted significant improvement from the prior year. However, they determined that further improvements are needed in OJP's process to estimate quarterly accrual amounts. Specifically, as a result of their March 31 and June 30, 2007, interim test procedures the component auditors noted that the accrual methodology overstated the estimated expenditure amount and related accounts payable for grants with expired dates.

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

Although the grant accrual process was designed to identify errors in the accrual methodology, it is primarily focused on grantees that have submitted current-period financial status reports. OJP did not have sufficient processes or controls in place to effectively analyze potential errors in the grant accrual calculation relating to those grantees that had not submitted current-period financial status reports (SF-269), specifically grants for which the performance period had expired. In addition, throughout FY 2007 OJP had a backlog of grants pending closeout that adversely affected the accuracy of the quarterly accounts payable estimation.

As a result of the conditions described above, OJP's accounts payable balances were overstated by likely amounts of $41.7 million and $21 million as of March 31 and June 30, 2007, respectively. As a result of these misstatements, OJP revised its year-end grant expense accrual methodology in consideration of expired grants.

Grant Deobligations. In testing undelivered orders balances, component auditors noted a need for improvement in OJP's deobligation and close-out process for grant-related undelivered orders. Specifically, the undelivered orders balances of certain grants were not de-obligated within 180 days of OJP receiving the final SF-269 from the grantee or within 180 days from the grant end date. Of 449 grants tested at the June 30, 2007, interim audit period, component auditors identified 91 grants that either had a final SF-269 submitted or were past their performance period end date. Of these 91 grants, 58 were either not fiscally or programmatically closed out or de-obligated within 180 days after the grant completion end date and 28 grants had outstanding undelivered orders balances that should have been de-obligated prior to the end of the quarter.

OJP's grant closeout policy, *Financial Closeout of OJP Grants*, provides for the closing out of grants to finalize the programmatic and financial activities on grants and to comply with Federal government grant administration requirements. The grant closeout policy affords the program office 120 days after a grant's end date or submission of the final SF-269 to send a grant closeout package to the Office of Comptroller. The Office of Comptroller then has 60 days after receipt of the closeout package to close the grant and de-obligate the remaining funds.

In their analysis of expired grants with unliquidated balances, component auditors noted that the undelivered orders balance was overstated in OJP's financial statements by likely amounts of $125.6 million and $100.5 million for the fiscal quarters ended March 31 and June 30, 2007, respectively. Component auditors also noted that there were grants with outstanding award balances of approximately $67.1 million related to grants that had been expired for 180 days or more as of September 30, 2007. Of this amount, OJP had accrued expenditures of approximately $23.3 million and had de-obligated approximately $18.7 million. The $25.1 million balance was recorded as undelivered orders.

Although improvement was noted throughout the year, grants requiring close-out continue to exist as a result of OJP's program managers' failure to: (1) consistently close out grants in accordance with existing policy, or (2) adequately document justification for delays. Specifically, grant managers did not properly monitor certain grants for which a final SF-269 had been submitted or for which the grant end date had passed. There was also insufficient communication between the program offices and the Office of the Chief Financial Officer to ensure that closed out grants were timely de-obligated.

Status of Obligations. The results of the component auditors' tests of a sample of open obligations indicated that managers across the OBDs did not perform a sufficient review of their open obligation balances to ensure their proper classification as either undelivered orders or accounts payable. In their sample of 975 obligations as of March 31 and June 30, 2007, component auditors noted 53 obligation balances that were not properly classified. The absolute value of the errors identified was $20.3 million and $13.8 million for undelivered orders and accounts payable, respectively. Although a compensating control detected 17 of the errors noted, the remaining errors resulted in a most-likely extrapolated misstatement of $13.9 million and $11.6 million in undelivered orders and accounts payable, respectively, as of June 30, 2007. Errors of a similar nature were noted in a smaller sample of year-end open obligations.

The OBDs policies and procedures bulletin, *Accounting for Financial Obligations Within the OBDs*, recommends that obligating organizations perform reviews of open obligations on a monthly basis and requires that reviews be conducted no less frequently than quarterly. The purpose of the review is to determine the validity of open obligation accruals, that balances are properly classified as either delivered or undelivered orders, and that obligation amounts are reasonably estimated. The condition described above increases the risk of misstated undelivered orders and accounts payable balances in OBDs' financial statements.

Obligations and Disbursements. In performing interim and year-end tests of obligations and disbursements, the AFF's component auditors identified various obligation status and valuation errors, including: (1) items erroneously classified as delivered-unpaid prior to actual delivery of services, (2) items erroneously recorded as undelivered when services had actually been delivered, (3) items not de-obligated after receipt of final invoices, (4) an item not de-obligated upon determination that the obligation was no longer warranted,

(5) overstated obligation balances, and (6) understated obligation balances. These status and valuation errors had an absolute dollar value of approximately $3.8 million.

OMB Circular No. A-123, *Management's Responsibility for Internal Control*, requires that transactions be promptly recorded, properly classified, and accounted for in order to prepare timely accounts and reliable financial and other reports. The documentation for transactions, management controls, and other significant events must be clear and readily available for examination.

Ineffective internal controls over the recording of obligations and subsequent de-obligations may result in misstatements of the related financial statement balances.

Seized and Forfeited Property. The AFF's component auditors noted that internal controls were in need of reinforcement with respect to: (1) seized and forfeited property management, and (2) the reconciliation of property seized for forfeiture between the ATF's property management system and its case management system, as described below.

Internal Controls Related to Status and Valuation. In conducting tests of transactions recorded in the Consolidated Asset Tracking System (CATS) and the Forfeited and Seized Asset Tracking System (FASTRAK) as of June 30, August 31, and September 30, 2007, component auditors observed various status and valuation errors, including: (1) a seized property item, a seized cash not-on-deposit item, and a forfeited property item that should not have been recorded in CATS, (2) seized property items not properly classified as "returned-to-owner" or otherwise disposed of, (3) a forfeited property item that was not accrued as revenue, (4) seized property undervaluations and overvaluations, (5) a forfeited property undervaluation, and (6) a seized property currency item misclassified as personal property. These status and valuation errors had an absolute dollar value of approximately $12 million.

Internal Controls Over Reconciliation of Property Seized for Forfeiture Between FASTRAK and NForce Need Reinforcement. In conducting tests of transactions recorded in FASTRAK (the property management system used by ATF to record seized and forfeited property related to AFF) as of June 30, 2007, component auditors identified certain property items that were designated as "seized for forfeiture" in NForce (ATF's case management system) that were not recorded as such in FASTRAK. Upon further investigation, it was determined that ATF headquarters had declined to pursue forfeiture proceedings and notified the affected field office but the field office failed to update NForce to change the classification from "seized for forfeiture" to "seized for evidence."

The failure to record and adjust the status of seized and forfeited property in NForce, FASTRAK, and the underlying physical property inventory logs and to reconcile the status of property between these systems and the seized property in ATF's physical possession can result in: (1) the untimely forfeiture of seizures subject to timely notice requirements, (2) misstatements in the custody control records, and the mechanisms that identify property as "seized for forfeiture," "seized for evidence," or both, and (3) failure to dispose of property in a timely manner.

SFFAS No. 3, *Accounting for Inventory and Related Property*, states that seized and forfeited property should be properly classified as of the financial reporting date. Seized property other than monetary instruments shall be disclosed in the footnotes and its value accounted for in the agency's property management records until the property is forfeited, returned, or otherwise liquidated.

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

Preparation, Review, and Approval of Journal Entries. Component auditors noted deficiencies in both the design and operation of controls related to the preparation, review, and approval of journal entries recorded in the OBDs' financial management system and as "on-top" adjustments within its financial statement preparation database. These journal entries are used to process a high volume and material dollar amount of routine and non-routine entries each quarter.

Specifically, component auditors noted errors in the OBDs' recording of journal entries in the financial management system, as follows:

- Within the financial management system's "generic" module used to post primarily routine journal entries, certain entries made using a particular transaction code omitted a suffix needed to ensure that the appropriate accounts were debited and credited, resulting in errors totaling $36.5 million in the affected general ledger account balances. These errors were not detected by the review-and-approval control designed for this purpose.

- Within the financial management system's "journal" module used to post both routine and non-routine journal entries, the incorrect posting of a non-routine journal entry resulted in a $57.2 million understatement of both total budgetary resources and total status of budgetary resources in the Statement of Budgetary Resources. The OBDs' standard operating procedures require the review and approval of non-routine journal entries posted within this journal module. The subject journal entry was judged to be routine; consequently, it was not reviewed and approved prior to its posting.

Component auditors also noted deficiencies in the OBDs' recording of journal entries in the financial statement preparation database, as follows:

- At June 30, 2007, the journal entry log was approved and signed by the same individual who prepared two of the journal entries included in the log. Consequently, the manual segregation of duties requirements for this activity were not observed. This same deficiency was noted at September 30, 2007, where the journal entry log was approved and signed by the same individual who prepared two of the journal entries included in the log. In addition, the September 30, 2007 journal entry control log was found to be incomplete in that two reclassification journal entries were excluded from the signed version of the log used in preparation of the September 30, 2007 draft financial statements.

- Errors identified in the recording of eight journal entries were not detected and corrected as a result of the review-and-approval control designed for this purpose. Among the errors identified were journal entries affecting contingent liabilities, expired appropriations, unexpended appropriations, accounts receivable related to a reimbursable agreement, the elimination of intra-entity accounts receivable and accounts payable, the classification of custodial liabilities, and the correction of errors between the first and second drafts of the year-end financial statements.

It is the policy of OBDs' management that control be exercised over journal entries through high-level management review of the closing trial balance and the budgetary and proprietary financial statements, as opposed to through the review and approval of every journal entry individually. These management review controls failed to detect and correct the deficiencies and errors noted above. Moreover, it was not evident to the component auditors that such deficiencies and errors would have been detected and corrected prior to the financial statements having been issued had they not been detected as part of the external audit process.

Recommendations:

We recommend the Department:

2. Monitor the corrective actions taken by the USMS to improve the condition of its financial statement quality control and quality assurance processes and funds management controls, in response to the specific recommendations made in the component auditor's *Independent Auditors' Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2007. *(Updated)*

Management Response:

DOJ Management Concurs. The JMD will continue to work with the USMS to document and improve processes related to external reporting to include financial statement preparation and re-evaluate their business processes and financial activities associated with accounts payable and undelivered orders.

In FY 2008, the USMS's Office of Finance will continue to coordinate with relevant offices, internal and external, to ensure that advance reconciliations and analyses are performed at least quarterly and discrepancies resolved timely. Further, designated individuals will ensure corrective actions are in place to reduce or eliminate audit concerns as well as identify and incorporate best practices. The Management and Budget Divisions will work with the Office of Compliance Review to provide training and other information or data necessary so independent reviews of open obligations can routinely be conducted to identify risks and recommend corrective actions to ensure compliance with accounting standards and regulations.

3. Monitor the corrective actions taken by ATF to improve the condition of its accounts payable process, in response to the specific recommendations made in the component auditor's *Independent Auditors' Report on Internal Control* issued in connection with the audit of the ATF's financial statements as of and for the year ended September 30, 2007. *(Updated)*

Management Response:

DOJ Management Concurs. The JMD will continue to work with the ATF to review the validity of open obligations through aging analyses and other analytics and further refine the accrual methodology that was used in FY 2007. This will include analyzing the accrual process each quarter and reevaluating the category types (commercial rent obligations, intergovernmental transactions, etc.) used to determine the accrual process, validating of vendor estimates used to accrue commercial activity through review of subsequent invoices and/or ATF program manager or Contracting Officer Technical Representative concurrence, and subsequent disbursement testing. These processes will be documented and policies and procedures updated as appropriate. The ATF will also continue to conduct quarterly open obligation reviews.

4. Assess the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) budgetary accounting for grant obligations, (c) budgetary and proprietary accounting related to the status of obligations and disbursements, (d) status, valuation, and completeness of seized and forfeited property, and (e) preparation, review, and approval of journal entries. Based on the results of this assessment, determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year. *(Updated)*

Management Response:

DOJ Management Concurs. The OJP will continue its efforts to reduce the number of grants that are 180 days or more past their end dates and are pending close out. Procedures were implemented in FY 2007 to include formalizing inter-office coordination and tracking, availability of reports within the OJP, increased customer involvement, and integrating the closeout process into OJP's daily business environment which resulted in closing over 7,000 grants. As of September 30, 2007, the OJP devised new procedures for estimating the grant accrual for grants with expired end dates. These estimation techniques will be further refined in FY 2008.

The OJP also began using the FMIS2+ as their official accounting system in FY 2008. Posting logic was reviewed, updated, or added to comply with the USSGL. FMIS2+ posting logic will continue to be reviewed and updated in FY 2008, to include transaction-driven entries for standard activity like upwards and downwards adjustments. This should reduce the number of journal entries required. Corrective actions will be taken to address any deficiencies to include descriptions of the activity, documentation, tightened controls on entries requiring supervisory or secondary approval, and independent reviews each quarter. JMD will also incorporate into their quarterly financial reporting controls the performance of fund code level account relationship analyses. This will include a reconciliation of expended and unexpended appropriations to the relevant proprietary and budgetary accounts for all material funds.

JMD will continue to work with various financial and property management offices, to ensure all property is accounted for accurately, to include real, accountable, seized and forfeited.

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

Management Response:

DOJ management Concurs. The Unified Financial Management System (UFMS) initiative is a keystone to the Department's financial systems improvement planning for the future. UFMS is replacing the Department's multiple core financial management and procurement system with an integrated Commercial Off-The-Shelf (COTS) solution, Momentum, provided by CGI Federal Inc. Implementation of the UFMS will improve financial management and procurement operations through streamlining and standardizing business processes and procedures across all components. Implementation efforts are already underway with a pilot project at the Asset Forfeiture Management Staff, scheduled to go live in November 2007. DEA's implementation, currently in the Development and Configuration phase, is scheduled to go live in October 2008. FBI is engaged in a planning phase with a full implementation schedule ready for release in early FY 2008.

EXHIBIT III

STATUS OF PRIOR YEARS' RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, and by OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, we have reviewed the status of prior years' findings and recommendations. The following table provides our assessment of the progress the DOJ has made in correcting the reportable conditions identified during these audits. We also provide the OIG report number where the condition remains open, the fiscal year it was identified, our recommendation for improvement, and the status of the condition as of the end of fiscal year 2007.

Report	Reportable Condition	Recommendation	Status
Annual Financial Statement Fiscal Year 2006 Report No. 07-02	Improvements are needed in the Department's and components' financial systems general and application controls.	**Recommendation No. 1:** Require the components' and the OSS's Chief Information Officers (CIO) to submit corrective action plans that address the identified weaknesses. The corrective action plans should focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/SDLC, service continuity, segregation of duties, system software, and other specific application control weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution report. The corrective action plans should also include a timeline that establishes when major events must be completed, and the Department's CIO should monitor components' efforts to correct deficiencies, hold them accountable for meeting the action plan timelines, and ensure the corrective actions are implemented adequately to address the noted deficiencies.	In Process (Updated by FY 2007 Recommendation No. 1)

Report	Reportable Condition	Recommendation	Status
	Improvements are needed in the components' internal control to provide reasonable assurance that transactions are properly recorded and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles.	**Recommendation No. 2:** Assess the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) accounts payable (and proper consideration of receipt and acceptance of goods and services), (c) budgetary accounting for grant and non-grant obligations, (d) RA-related accrual accounting, and (e) status, valuation, and completeness of seized and forfeited property. Based on the results of this assessment, determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year.	In Process (Updated by FY 2007 Recommendations No. 3 and 4)
		Recommendation No. 3: Continue efforts to implement a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements established by the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable Federal accounting standards. Proceed with implementation of a financial statement consolidation package to automate the compilation of the Department-wide financial statements.	In Process (Updated by FY 2007 Recommendation No. 5)
		Recommendation No. 4: Monitor the corrective actions taken by the USMS to improve the condition of its financial statement quality control and quality assurance processes, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2006.	In Process (Updated by FY 2007 Recommendation No. 2)

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Independent Auditors' Report on Compliance and Other Matters

Inspector General
U.S. Department of Justice

Acting United States Attorney General
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources and custodial activity (hereinafter referred to as the "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 9, 2007. We did not audit the financial statements of the U.S. Marshals Service as of and for the year ended September 30, 2007, or the financial statements of the U.S. Marshals Service, the Federal Bureau of Prisons, and the Federal Prison Industries as of and for the year ended September 30, 2006. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report, insofar as it related to the amounts included for those components, was based solely on the reports of the other auditors. As discussed in Note 1 to the consolidated financial statements, beginning in fiscal year 2007 the activities and balances of the Department's Working Capital Fund, previously reported as a separate entity, have been included in the financial statements of the Offices, Boards and Divisions for fiscal years 2007 and 2006. As discussed in Note 26 to the consolidated financial statements, the Department changed its method of reporting the reconciliation of budgetary resources obligated to the net cost of operations in fiscal year 2007.

We and the other auditors conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2007 financial statements of the U.S. Marshals Service. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Report on Compliance and Other Matters*, have been furnished to us. Accordingly, our report on the Department's compliance and other matters, insofar as it relates to that component, is based solely on the reports and findings of the other auditors.

The management of the Department is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Department. As part of obtaining reasonable assurance about whether the Department's fiscal year 2007 consolidated financial statements are free of material misstatement, we and the other auditors performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including certain requirements referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA). We and the other auditors limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Department. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not

express such an opinion.
The results of our and the other auditors' tests of compliance described in the preceding paragraph of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04.

Under OMB Bulletin No. 07-04 and FFMIA, we are required to report whether the Department's financial management systems substantially comply with: (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we and the other auditors performed tests of compliance with FFMIA Section 803(a) requirements.

The results of our and the other auditors' tests disclosed no instances in which the Department's financial management systems did not substantially comply with the three requirements discussed in the preceding paragraph.

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

KPMG LLP

November 9, 2007

Principal Financial Statements and Related Notes

See Independent Auditors' Report on Financial Statements

U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2007 and 2006

Dollars in Thousands		2007		2006
ASSETS (Note 2)				
Intragovernmental				
Fund Balance with U.S. Treasury (Note 3)	$	16,515,163	$	14,987,451
Investments, Net (Note 5)		3,190,827		2,082,266
Accounts Receivable, Net (Note 6)		337,071		376,360
Other Assets (Note 10)		146,157		115,153
Total Intragovernmental		20,189,218		17,561,230
Cash and Monetary Assets (Note 4)		130,312		109,676
Accounts Receivable, Net (Note 6)		86,443		93,837
Inventory and Related Property, Net (Note 7)		210,766		216,377
Forfeited Property, Net (Note 8)		124,379		132,409
General Property, Plant and Equipment, Net (Note 9)		8,234,077		8,167,650
Advances and Prepayments		476,409		561,913
Other Assets (Note 10)		5,652		4,097
Total Assets	**$**	**29,457,256**	**$**	**26,847,189**
LIABILITIES (Note 11)				
Intragovernmental				
Accounts Payable	$	299,886	$	271,000
Accrued Federal Employees' Compensation Act Liabilities		215,344		199,266
Debt (Note 12)		20,000		20,000
Custodial Liabilities (Note 24)		832,140		231,355
Other Liabilities (Note 16)		607,094		915,840
Total Intragovernmental		1,974,464		1,637,461
Accounts Payable		2,776,264		2,344,943
Actuarial Federal Employees' Compensation Act Liabilities		1,046,479		991,561
Accrued Payroll and Benefits		353,431		337,236
Accrued Annual and Compensatory Leave Liabilities		675,481		644,126
Environmental and Disposal Liabilities (Note 13)		22,112		-
Deferred Revenue		311,577		279,000
Seized Cash and Monetary Instruments (Note 15)		1,299,213		830,835
Contingent Liabilities (Note 17)		190,090		209,620
Capital Lease Liabilities (Note 14)		53,183		59,356
Radiation Exposure Compensation Act Liabilities		188,458		187,616
Other Liabilities (Note 16)		258,905		165,158
Total Liabilities	**$**	**9,149,657**	**$**	**7,686,912**
NET POSITION				
Unexpended Appropriations - Earmarked Funds (Note 18)	$	21,938	$	60,071
Unexpended Appropriations - All Other Funds		9,714,869		9,079,538
Cumulative Results of Operations - Earmarked Funds (Note 18)		3,619,453		3,157,735
Cumulative Results of Operations - All Other Funds		6,951,339		6,862,933
Total Net Position	**$**	**20,307,599**	**$**	**19,160,277**
Total Liabilities and Net Position	**$**	**29,457,256**	**$**	**26,847,189**

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

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2007 and 2006

Dollars in Thousands

		Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 19)
	FY	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
Goal 1	**2007**	$ 967,483	$ 2,875,701	$ 3,843,184	$ 222,795	$ 31,344	$ 254,139	$ 3,589,045
	2006	$ 972,740	$ 2,793,488	$ 3,766,228	$ 220,417	$ 47,013	$ 267,430	$ 3,498,798
Goal 2	**2007**	3,091,738	10,752,699	13,844,437	645,797	608,074	1,253,871	12,590,566
	2006	2,997,532	10,282,114	13,279,646	736,074	603,035	1,339,109	11,940,537
Goal 3	**2007**	1,901,488	9,220,700	11,122,188	969,679	390,438	1,360,117	9,762,071
	2006	1,693,506	8,744,628	10,438,134	724,753	360,039	1,084,792	9,353,342
Total	**2007**	**$ 5,960,709**	**$ 22,849,100**	**$ 28,809,809**	**$ 1,838,271**	**$ 1,029,856**	**$ 2,868,127**	**$ 25,941,682**
	2006	**$ 5,663,778**	**$ 21,820,230**	**$ 27,484,008**	**$ 1,681,244**	**$ 1,010,087**	**$ 2,691,331**	**$ 24,792,677**

Goal 1: Prevent Terrorism and Promote the Nation's Security
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People
Goal 3: Ensure the Fair and Efficient Administration of Justice

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands

	2007			
	Earmarked Funds	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	**$ 60,071**	**$ 9,079,538**	**$ -**	**$ 9,139,609**
Budgetary Financing Sources				
Appropriations Received	18,819	23,260,005	-	23,278,824
Appropriations Transferred-In/Out	-	575,671	-	575,671
Other Adjustments	(49,335)	(197,865)	-	(247,200)
Appropriations Used	(7,617)	(23,002,480)	-	(23,010,097)
Total Budgetary Financing Sources	**(38,133)**	**635,331**	**-**	**597,198**
Unexpended Appropriations	**$ 21,938**	**$ 9,714,869**	**$ -**	**$ 9,736,807**
Cumulative Results of Operations				
Beginning Balances	**$ 3,157,735**	**$ 6,862,933**	**$ -**	**$ 10,020,668**
Budgetary Financing Sources				
Other Adjustments	-	(2,500)	-	(2,500)
Appropriations Used	7,617	23,002,480	-	23,010,097
Nonexchange Revenues	1,129,466	2,846	-	1,132,312
Donations and Forfeitures of Cash and Cash Equivalents	1,409,015	-	-	1,409,015
Transfers-In/Out Without Reimbursement	-	59,021	-	59,021
Other Budgetary Financing Sources	34,001	-	-	34,001
Other Financing Sources				
Donations and Forfeitures of Property	106,746	303	-	107,049
Transfers-In/Out Without Reimbursement	(13,735)	(2)	-	(13,737)
Imputed Financing from Costs Absorbed by Others (Note 20)	21,266	760,239	(24,957)	756,548
Total Financing Sources	**2,694,376**	**23,822,387**	**(24,957)**	**26,491,806**
Net Cost of Operations	**(2,232,658)**	**(23,733,981)**	**24,957**	**(25,941,682)**
Net Change	461,718	88,406	-	550,124
Cumulative Results of Operations	**$ 3,619,453**	**$ 6,951,339**	**$ -**	**$ 10,570,792**
Net Position	**$ 3,641,391**	**$ 16,666,208**	**$ -**	**$ 20,307,599**

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

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

Dollars in Thousands

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

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

U. S. Department of Justice
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2007 and 2006

Dollars in Thousands	2007	2006
Budgetary Resources		
Unobligated Balance, Net, Brought Forward, October 1	$ 3,277,846	$ 3,111,033
Recoveries of Prior Year Unpaid Obligations	744,956	675,208
Budget Authority		
Appropriations Received	27,822,275	25,718,396
Spending Authority from Offsetting Collections		
Earned		
Collected	6,271,945	5,640,184
Change in Receivables from Federal Sources	(48,172)	184,791
Change in Unfilled Customer Orders		
Advance Received	347	27,559
Without Advance from Federal Sources	182,232	126,595
Subtotal Budget Authority	34,228,627	31,697,525
Nonexpenditure Transfers, Net, Anticipated and Actual	634,692	363,322
Temporarily not Available Pursuant to Public Law	(1,899,545)	(1,417,034)
Permanently not Available	(220,603)	(526,984)
Total Budgetary Resources (Note 21)	**$ 36,765,973**	**$ 33,903,070**
Status of Budgetary Resources		
Obligations Incurred		
Direct	$ 26,649,851	$ 24,568,848
Reimbursable	6,180,730	6,056,376
Total Obligations Incurred (Note 21)	32,830,581	30,625,224
Unobligated Balance - Available		
Apportioned	2,991,152	2,182,538
Exempt from Apportionment	205,577	152,781
Total Unobligated Balance - Available	3,196,729	2,335,319
Unobligated Balance not Available	738,663	942,527
Total Status of Budgetary Resources	**$ 36,765,973**	**$ 33,903,070**

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

U. S. Department of Justice
Combined Statements of Budgetary Resources - Continued
For the Fiscal Years Ended September 30, 2007 and 2006

Dollars in Thousands		2007		2006
Change in Obligated Balance				
Obligated Balance, Net - Brought Forward, October 1				
Unpaid Obligations	$	12,022,870	$	12,190,703
Less: Uncollected Customer Payments from Federal Sources		1,540,402		1,229,020
Total Unpaid Obligated Balance, Net - Brought Forward, October 1		10,482,468		10,961,683
Obligations Incurred		32,830,581		30,625,224
Less: Gross Outlays		31,183,546		30,117,845
Less: Recoveries of Prior Year Unpaid Obligations, Actual		744,956		675,208
Change in Uncollected Customer Payments from Federal Sources		(134,060)		(311,386)
Obligated Balance, Net - End of Period				
Unpaid Obligations		12,924,950		12,022,870
Less: Uncollected Customer Payments from Federal Sources		1,674,463		1,540,402
Total Unpaid Obligated Balance, Net - End of Period	$	11,250,487	$	10,482,468
Outlays				
Gross Outlays	$	31,183,546	$	30,117,845
Less: Offsetting Collections		6,272,290		5,667,744
Less: Distributed Offsetting Receipts (Note 21)		1,269,818		786,338
Total Net Outlays (Note 21)	**$**	**23,641,438**	**$**	**23,663,763**

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2007 and 2006

Dollars in Thousands	2007	2006
Revenue Activity		
Sources of Cash Collections		
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ 3,053,827	$ 3,669,303
Fees and Licenses	25,551	24,369
Fines, Penalties and Restitution Payments - Civil	7,980	4,712
Fines, Penalties and Restitution Payments - Criminal	17,409	414,146
Miscellaneous	5,119	4,966
Total Cash Collections	3,109,886	4,117,496
Accrual Adjustments	(412)	(622)
Total Custodial Revenue	3,109,474	4,116,874
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Department of Agriculture	(99,035)	(93,822)
U.S. Department of Commerce	(5,447)	(22,760)
U.S. Department of the Interior	(121,901)	(36,587)
U.S. Department of Justice	(202,300)	(490,669)
U.S. Department of Labor	(6,779)	(1,420)
Pension Benefit Guaranty Fund	(816)	-
U.S. Postal Service	(17,185)	(29,354)
U.S. Department of State	(500)	(80)
U.S. Department of the Treasury	(318,032)	(299,358)
Office of Personnel Management	(110,594)	(58,477)
National Credit Union Administration	(977)	-
Federal Communications Commission	(491)	(103,417)
Social Security Administration	(544)	(801)
Smithsonian Institution	(34)	-
U.S. Department of Veterans Affairs	(10,931)	(10,587)
General Services Administration	(83,435)	(16,969)
National Science Foundation	(860)	-
Federal Deposit Insurance Corporation	(435)	(2,011)
Railroad Retirement Board	(294)	-
Environmental Protection Agency	(310,136)	(221,558)
U.S. Department of Transportation	(14,365)	(15,087)
U.S. Department of Homeland Security	(29,879)	(14,512)
Agency for International Development	(396)	(7,162)
Small Business Administration	(12,456)	(10,577)
U.S. Department of Health and Human Services	(718,437)	(1,248,381)
National Aeronautics and Space Administration	(268)	(117,684)
Export-Import Bank of the United States	(1,142)	-
U.S. Department of Housing and Urban Development	(5,513)	(39,578)
U.S. Department of Energy	(2,023)	(9,846)
U.S. Department of Education	(17,184)	(15,849)
Independent Agencies	(22,662)	(34,550)
U.S. Department of Defense	(53,495)	(592,735)
Transferred to the Public	(202,688)	(999,628)
(Increase)/Decrease in Amounts Yet to be Transferred	(679,220)	484,818
Refunds and Other Payments	(1,793)	(807)
Retained by the Reporting Entity	(57,227)	(107,426)
Net Custodial Activity (Note 24)	$ -	$ -

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

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Beginning fiscal year (FY) 2007, the data and transactions of the Working Capital Fund (WCF), which was previously reported as a separate entity, are included in the comparative financial statements of the OBDs.

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

B. Basis of Presentation

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

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

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2007 and 2006, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

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

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

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

D. Basis of Accounting (continued)

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

E. Non-Entity Assets

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

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

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

G. Investments

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

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

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

H. Accounts Receivable

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

I. Inventory and Related Property

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

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

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

J. General Property, Plant and Equipment

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

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

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

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

K. Advances and Prepayments

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

L. Forfeited and Seized Property

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

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

M. Liabilities

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

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 note (1990), providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. The September 30, 2007 and 2006 estimated liabilities are based on historical data collected since the Program commenced operations in 1992, and management's assumptions concerning receipt and approval of claims in the future. Key factors in determining liability are the number of claims filed, the number of claims approved, and estimates for these factors through FY 2022. These estimates are then discounted in accordance with the discount rates set by OMB.

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

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

N. Contingencies and Commitments

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

O. Annual, Sick, and Other Leave

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

P. Interest on Late Payments

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

Q. Retirement Plan

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

These notes are an integral part of the financial statements.

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

R. Federal Employee Compensation Benefits

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

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

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

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

S. Intragovernmental Activity

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

T. Revenues and Other Financing Sources

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

These notes are an integral part of the financial statements.

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

T. Revenues and Other Financing Sources (continued)

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

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

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

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

U. Earmarked Funds

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

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

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

U. Earmarked Funds (continued)

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

V. Tax Exempt Status

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

W. Use of Estimates

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

X. Reclassifications

The FY 2006 financial statements were reclassified to conform to the FY 2007 Departmental financial statement presentation requirements. The reclassifications had no material effect on total assets, liabilities, net position, change in net position or budgetary resources as previously reported.

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

Note 2. Non-Entity Assets

As of September 30, 2007 and 2006

	2007	2006
Intragovernmental		
Fund Balance with U.S. Treasury	$ 1,186,479	$ 797,293
Investments, Net	1,285,320	817,928
Accounts Receivable, Net	19	-
Total Intragovernmental	2,471,818	1,615,221
With the Public		
Cash and Monetary Assets	99,995	94,434
Accounts Receivable, Net	14,359	12,235
Total With the Public	114,354	106,669
Total Non-Entity Assets	2,586,172	1,721,890
Total Entity Assets	26,871,084	25,125,299
Total Assets	$ 29,457,256	$ 26,847,189

These notes are an integral part of the financial statements.

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

Note 3. Fund Balance with U.S. Treasury

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

As of September 30, 2007 and 2006

	2007	2006
Fund Balances		
Trust Funds	$ 143,233	$ 203,731
Special Funds	3,161,651	2,814,387
Revolving Funds	510,492	536,612
General Funds	12,634,571	11,368,285
Other Fund Types	65,216	64,436
Total Fund Balances with U.S. Treasury	$ 16,515,163	$ 14,987,451
Status of Fund Balances		
Unobligated Balance - Available	$ 3,196,729	$ 2,335,319
Unobligated Balance - Unavailable	738,663	942,527
Obligated Balance not yet Disbursed	11,250,487	10,482,468
Other Funds (With)/Without Budgetary Resources	1,329,284	1,227,137
Total Status of Fund Balances	$ 16,515,163	$ 14,987,451

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

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

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

Note 4. Cash and Monetary Assets

As of September 30, 2007 and 2006

	2007	2006
Cash		
Undeposited Collections	$ 17,154	$ 3,876
Imprest Funds	9,647	9,433
Seized Cash Deposited	42,791	51,177
Other Cash	3,222	2,776
Total Cash	72,814	67,262
Monetary Assets		
Seized Monetary Instruments	54,720	41,234
Other Monetary Assets	2,778	1,180
Total Monetary Assets	57,498	42,414
Total Cash and Monetary Assets	$ 130,312	$ 109,676

Note 5. Investments, Net

	Face Value	Unamortized Premium (Discount)	Investments, Net	Market Value
As of September 30, 2007				
Intragovernmental				
Non-Marketable Securities				
Market Based	$ 3,205,153	$ (14,326)	$ 3,190,827	$ 3,192,268
Interest Receivable	1,648			1,648
Total	$ 3,206,801	$ (14,326)	$ 3,190,827	$ 3,193,916
As of September 30, 2006				
Intragovernmental				
Non-Marketable Securities				
Market Based	$ 2,096,281	$ (14,015)	$ 2,082,266	$ 2,081,618
Interest Receivable	2,193			2,193
Total	$ 2,098,474	$ (14,015)	$ 2,082,266	$ 2,083,811

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

Note 6. Accounts Receivable, Net

As of September 30, 2007 and 2006

	2007	2006
Intragovernmental		
Accounts Receivable	$ 338,235	$ 378,207
Allowance for Uncollectible Accounts	(1,164)	(1,847)
Total Intragovernmental	337,071	376,360
With the Public		
Accounts Receivable	110,393	118,936
Allowance for Uncollectible Accounts	(23,950)	(25,099)
Total With the Public	86,443	93,837
Total Accounts Receivable, Net	$ 423,514	$ 470,197

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

Note 7. Inventory and Related Property, Net

As of September 30, 2007 and 2006

	2007	2006
Inventory		
Raw Materials	$ 71,363	$ 68,486
Work in Process	51,397	45,752
Finished Goods	47,191	56,982
Inventory Purchased for Resale	16,680	16,379
Excess, Obsolete, and Unserviceable	23,214	29,958
Inventory Allowance	(11,942)	(13,090)
Operating Materials and Supplies		
Held for Current Use	12,863	11,910
Total Inventory and Related Property, Net	$ 210,766	$ 216,377

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

Note 8. Forfeited and Seized Property

Equitable Sharing Payments:

The statute governing the use of the AFF (28 U.S.C. §524(c)) permits the payment of equitable shares of forfeiture proceeds to participating foreign governments and state and local law enforcement agencies. The statute does not require such sharing and permits the Attorney General wide discretion in determining those transfers. Actual sharing is difficult to predict because many factors influence both the amount and timing of disbursement of equitable sharing payments, such as the length of time required to move an asset through the forfeiture process to disposition, the amount of net proceeds available for sharing, the elapse of time for Departmental approval of equitable sharing requests for cases with asset values exceeding $1 million, and appeal of forfeiture judgments. Because of uncertainties surrounding the timing and amount of any equitable sharing payment, an obligation and expense are recorded only when the actual disbursement of the equitable sharing payment is imminent. The anticipated equitable sharing allocation level for FY 2008 is $400 million.

Analysis of Change in Forfeited Property:

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

The number of items represents quantities calculated using many different units of measure. The adjustments for FYs 2007 and 2006 include property status and valuation changes received after, but properly credited to FYs 2006 and 2005, respectively. The valuation changes include updates and corrections to an asset’s value recorded in a prior year.

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

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2007

Forfeited Property Category		Beginning Balance	Adjust-ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	509	24	285	757	61	-	61
	Value	$ 11,346	$ (241)	$360,436	$ 369,418	$ 2,123	$ 14	$ 2,109
Real Property	Number	340	2	405	336	411	-	411
	Value	$ 86,527	$ (212)	$ 85,988	$ 81,594	$ 90,709	$ 3,327	$ 87,382
Personal Property	Number	3,013	27	5,027	5,097	2,970	-	2,970
	Value	$ 37,960	$ 312	$ 58,235	$ 60,906	$ 35,601	$ 713	$ 34,888
Non-Valued	Number	39,777	(3,848)	22,140	19,856	38,213	-	38,213
Total	Number	43,639	(3,795)	27,857	26,046	41,655	-	41,655
	Value	$135,833	$ (141)	$504,659	$ 511,918	$128,433	$ 4,054	$ 124,379

For the Fiscal Year Ended September 30, 2006

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

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

Note 8. Forfeited and Seized Property (continued)

Method of Disposition of Forfeited Property:

During FYs 2007 and 2006, $482,158 and $106,914 of forfeited property were sold, $22 and $1,230 were destroyed or donated, $13,666 and $33,431 were returned to owners, and $16,072 and $35,676 were disposed of by other means, respectively. Other means of distribution include property transferred to other federal agencies for official use or equitable sharing, property distributed to a state or local agency, or property that is destroyed.

Analysis of Change in Seized Property:

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

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

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

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

Note 8. Forfeited and Seized Property (continued)

The adjustments for FYs 2007 and 2006 include property status and valuation changes received after, but properly credited to FYs 2006 and 2005, respectively. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

For the Fiscal Year Ended September 30, 2007

Seized Property Category		Beginning Balance	Adjust-ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash Deposited and Seized Monetary Instruments	Value	$ 797,201	$ 1,305	$1,474,190	$ 1,006,788	$ 1,265,908	$ 73,882	$ 1,192,026
Financial Instruments	Number	258	-	150	104	304	-	304
	Value	$ 40,881	$ -	$ 430,791	$ 356,426	$ 115,246	$ 3	$ 115,243
Real Property	Number	302	3	145	247	203	-	203
	Value	$ 90,329	$ (7,218)	$ 59,602	$ 65,671	$ 77,042	$ 17,387	$ 59,655
Personal Property	Number	5,875	(91)	7,445	6,655	6,574	-	6,574
	Value	$ 105,277	$ 100	$ 149,790	$ 91,543	$ 163,624	$ 16,285	$ 147,339
Non-Valued	Number	47,388	638	28,268	17,304	58,990	-	58,990
Seized for Evidence								
Seized Monetary Instruments	Value	$ 33,634	$ (4,339)	$ 27,608	$ 23,598	$ 33,305	$ -	$ 33,305
Personal Property	Number	55,486	41	19,544	16,878	58,193	-	58,193
	Value	$ 33,835	$(20,691)	$ 23,545	$ 10,655	$ 26,034	$ -	$ 26,034

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

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2006

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

Method of Disposition of Seized Property:

During FYs 2007 and 2006, $1,424,097 and $764,526 of seized property were forfeited, $108,312 and $99,494 were returned to parties with a bonafide interest, and $22,272 and $32,261 were disposed of by other means, respectively. Other means of disposition include seized property that is sold, converted to cash, or destroyed.

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

Note 8. Forfeited and Seized Property (continued)

Analysis of Drug Evidence:

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

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

For the Fiscal Year Ended September 30, 2007

Analyzed Drug Evidence	Beginning Balance	Adjustments	Analyzed	Disposed	Ending Balance
(Amounts in KG)					
Cocaine	469,236	(2,327)	110,465	106,795	470,579
Heroin	3,232	40	678	605	3,345
Marijuana	21,390	757	6,200	5,897	22,450
Methamphetamine	8,500	(1,479)	1,711	1,733	6,999
Other	52,273	189	8,783	10,363	50,882
Total	554,631	(2,820)	127,837	125,393	554,255

For the Fiscal Year Ended September 30, 2006

Analyzed Drug Evidence	Beginning Balance	Adjustments	Analyzed	Disposed	Ending Balance
(Amounts in KG)					
Cocaine	451,406	(5,404)	97,482	74,248	469,236
Heroin	3,667	(630)	940	745	3,232
Marijuana	27,256	(7,058)	6,282	5,090	21,390
Methamphetamine	9,451	(254)	1,693	2,390	8,500
Other	50,478	(7,101)	17,028	8,132	52,273
Total	542,258	(20,447)	123,425	90,605	554,631

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

Note 8. Forfeited and Seized Property (continued)

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

For the Fiscal Years Ended September 30, 2007 and 2006
(Amounts in KG)

Fiscal Year	Beginning Balance	Adjustments	Seized	Destroyed	Ending Balance
2007	141,284	(252)	962,065	906,756	196,341
2006	147,422	(1,310)	690,315	695,143	141,284

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

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

Note 9. General Property, Plant and Equipment, Net

Items are generally depreciated using the straight-line method.

As of September 30, 2007

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life
Land and Land Rights	$ 190,146	$ -	$ 190,146	N/A
Construction in Progress	512,249	-	512,249	N/A
Buildings, Improvements and Renovations	8,446,178	(2,805,711)	5,640,467	24-50 yrs
Other Structures and Facilities	697,372	(289,667)	407,705	10-50 yrs
Aircraft	237,119	(78,994)	158,125	7-25 yrs
Boats	3,037	(1,839)	1,198	18 yrs
Vehicles	422,155	(258,955)	163,200	2-25 yrs
Equipment	1,293,909	(821,214)	472,695	2-25 yrs
Assets Under Capital Lease	107,580	(50,609)	56,971	5-20 yrs
Leasehold Improvements	683,943	(367,332)	316,611	2-20 yrs
Internal Use Software	200,875	(84,556)	116,319	5-7 yrs
Internal Use Software in Development	198,391	-	198,391	N/A
Total	$ 12,992,954	$ (4,758,877)	$ 8,234,077	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2007	$ 101,051	$ 622,153	$ 723,204

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

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

As of September 30, 2006

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

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

These notes are an integral part of the financial statements.

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

Note 10. Other Assets

As of September 30, 2007 and 2006

	2007	2006
Intragovernmental		
Advances and Prepayments	$ 146,070	$ 115,118
Other Intragovernmental Assets	87	35
Total Intragovernmental	146,157	115,153
Other Assets With the Public	5,652	4,097
Total Other Assets	$ 151,809	$ 119,250

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

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2007 and 2006

	2007	2006
Intragovernmental		
Accrued FECA Liabilities	$ 213,892	$ 199,040
Other Unfunded Employment Related Liabilities	1,555	1,431
Total Intragovernmental	215,447	200,471
With the Public		
Actuarial FECA Liabilities	1,046,479	991,561
Accrued Annual and Compensatory Leave Liabilities	665,677	644,126
Environmental and Disposal Liabilities (Note 13)	22,112	-
Deferred Revenue	185,599	144,927
Contingent Liabilities (Note 17)	190,090	209,620
Capital Lease Liabilities (Note 14)	48,079	59,348
RECA Liabilities	188,458	187,616
Other	4,561	4,389
Total With the Public	2,351,055	2,241,587
Total Liabilities not Covered by Budgetary Resources	2,566,502	2,442,058
Total Liabilities Covered by Budgetary Resources	6,583,155	5,244,854
Total Liabilities	$ 9,149,657	$ 7,686,912

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

These notes are an integral part of the financial statements.

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

Note 12. Debt

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

The loan agreement provides for certain restrictive covenants and a prepayment penalty for debt retirements prior to FY 2008. Additionally, the agreement limits authorized borrowings in an aggregate amount not to exceed 25% of the FPI's net equity. There were no net interest expenses for the fiscal years ended September 30, 2007 and 2006, respectively.

Note 13. Environmental and Disposal Liabilities

The DEA owned a section of land located in Chicago, Illinois. Soil samples taken from this land, after the removal of underground storage tanks, indicated levels of benzene, ethyl benzene, and lead that were above soil remediation standards. Phase I of an environmental site assessment was conducted on January 15, 2002, for this site. The assessment revealed evidence of a potential environmental condition and recommended the study be extended to determine the extent of the contamination. Phase II of the environmental site assessment was completed in FY 2003 and filed with the Illinois Environmental Protection Agency. This assessment indicated that the soil contained lead. The Illinois Environmental Protection Agency requested further testing in order to define the limits of the impacted soil and groundwater. The GSA completed the additional tests and provided a copy to the City of Chicago, which expressed an interest in purchasing the property. GSA took the position that the lead was associated with petroleum product contamination on the property that is not subject to the Comprehensive Environmental Recovery, Compensation and Liability Act (CERCLA). On June 18, 2007 DEA sold this section of land to the City of Chicago for its re-conveyance to a developer for the purchase price of $850. Under the Property Act of 1949, the proceeds from sale are deposited into the Department of the Interior's Land and Water Conservation Fund. As outlined in a separate environmental agreement, the developer is responsible for all petroleum clean up on the property and for obtaining approval from the Illinois Environmental Protection Agency.

The BOP operates firing ranges on 64 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2007, BOP management recorded an estimated cleanup liability of $22,112.

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

Note 14. Leases

Capital leases include a Federal Detention Center (25 year lease term) in Oklahoma City, Oklahoma; an airplane hangar (20 year lease term) in Oklahoma City, Oklahoma; and a training facility (16 year lease term) in Pineville, Louisiana; and certain machinery, vehicles and office equipment under noncancelable capital and operating lease agreements that expire over future periods.

As of September 30, 2007 and 2006

Capital Leases	2007	2006
Summary of Assets Under Capital Lease		
Land and Buildings	$ 104,070	$ 104,070
Machinery and Equipment	3,510	3,342
Accumulated Amortization	(50,609)	(46,709)
Total Assets Under Capital Lease (Note 9)	$ 56,971	$ 60,703

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

Future Capital Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2008	$ 10,466	$ 1,284	$ 11,750
2009	10,086	131	10,217
2010	10,086	99	10,185
2011	10,086	17	10,103
2012	9,073	7	9,080
After 2012	18,305	-	18,305
Total Future Capital Lease Payments	$ 68,102	$ 1,538	$ 69,640
Less: Imputed Interest	(16,236)	(221)	(16,457)
FY 2007 Net Capital Lease Liabilities	$ 51,866	$ 1,317	$ 53,183
FY 2006 Net Capital Lease Liabilities	$ 57,865	$ 1,491	$ 59,356

	2007	2006
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 5,104	$ 1,491
Net Capital Lease Liabilities not Covered by Budgetary Resources	$ 48,079	$ 57,865

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

Note 14. Leases (continued)

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

Operating Lease Expenses

Lease Type	2007	2006
Noncancelable Operating Leases	$ 84,284	$ 72,201
Cancelable Operating Leases	1,322,247	1,243,820
Total Operating Lease Expenses	$ 1,406,531	$ 1,316,021

Future Noncancelable Operating Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment
2008	$ 40,315	$ 8,039
2009	81,106	7,410
2010	149,712	3,651
2011	234,084	1,485
2012	248,709	1
After 2012	2,349,403	-
Total Future Noncancelable Operating Lease Payments	$ 3,103,329	$ 20,586

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

Note 15. Seized Cash and Monetary Instruments

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

As of September 30, 2007 and 2006

	2007	2006
Investments, Net	$ 1,201,702	$ 738,424
Seized Cash Deposited	42,791	51,177
Seized Monetary Instruments	54,720	41,234
Total Seized Cash and Monetary Instruments	$ 1,299,213	$ 830,835

Note 16. Other Liabilities

As of September 30, 2007 and 2006

	2007	2006
Intragovernmental		
Other Accrued Liabilities	$ -	$ 323
Employer Contributions and Payroll Taxes Payable	99,029	94,351
Other Unfunded Employment Related Liabilities	1,646	1,471
Advances from Others	261,250	275,814
Liability for Deposit Funds, Clearing Accounts and Undeposited Collections	34,486	47,815
Other Liabilities	210,683	496,066
Total Intragovernmental	607,094	915,840
With the Public		
Other Accrued Liabilities	13,054	4,291
Advances from Others	7,174	2,403
Liability for Deposit Funds, Clearing Accounts and Undeposited Collections	49,065	48,855
Accounts Payable from Canceled Appropriations	137	137
Custodial Liabilities	186,435	108,000
Other Liabilities	3,040	1,472
Total With the Public	258,905	165,158
Total Other Liabilities	$ 865,999	$ 1,080,998

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

Note 17. Contingencies and Commitments

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

The Department is party to various administrative proceedings, legal actions, and claims. The balance sheet includes an estimated liability for those legal actions where the management and Chief Counsel consider adverse decisions "probable" and the amounts are reasonably estimable. For those legal actions where the management and Chief Counsel consider adverse decisions "reasonably possible" and amounts are reasonably estimable information is disclosed below. However, there are cases where amounts have not been accrued or disclosed below because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is less than reasonably possible.

	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
As of September 30, 2007			
Probable	$ 190,090	$ 190,090	$ 230,468
Reasonably Possible		192,821	227,757
As of September 30, 2006			
Probable	$ 209,620	$ 209,620	$ 222,233
Reasonably Possible		156,200	248,260

These notes are an integral part of the financial statements.

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

Note 18. Earmarked Funds

Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. See SFFAS 27, "Identifying and Reporting Earmarked Funds," for the required criteria for an earmarked fund.

As of and for the Fiscal Year Ended September 30, 2007

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Balance Sheet							
Assets							
Fund Balance with U. S. Treasury	$ 300,135	$ 9,224	$ 59,739	$ 2,747,673	$ 103,490	$ 64,847	$ 3,285,108
Investments, Net	1,346,865	164,042	-	-	-	-	1,510,907
Other Assets	143,595	14,584	357	5,113	46,555	28,801	239,005
Total Assets	$ 1,790,595	$ 187,850	$ 60,096	$ 2,752,786	$ 150,045	$ 93,648	$ 5,035,020
Liabilities							
Accounts Payable	$ 897,003	$ 18,105	$ 15,606	$ 51,745	$ 148	$ 13,865	$ 996,472
Other Liabilities	159,379	16,529	11,678	225	199,249	10,097	397,157
Total Liabilities	$ 1,056,382	$ 34,634	$ 27,284	$ 51,970	$ 199,397	$ 23,962	$ 1,393,629
Net Position							
Cumulative Results of Operations	$ 734,213	$ 152,966	$ 11,124	$ 2,700,816	$ (49,352)	$ 69,686	$ 3,619,453
Unexpended Appropriations	-	250	21,688	-	-	-	21,938
Total Net Postion	$ 734,213	$ 153,216	$ 32,812	$ 2,700,816	$ (49,352)	$ 69,686	$ 3,641,391
Total Liabilities and Net Position	$ 1,790,595	$ 187,850	$ 60,096	$ 2,752,786	$ 150,045	$ 93,648	$ 5,035,020
Statement of Net Cost							
Gross Cost of Operations	$ 1,534,041	$ 232,766	$ 157,427	$ 592,068	$ 160,864	$ 302,501	$ 2,979,667
Less: Exchange Revenues	3,722	128,497	144,794	-	163,954	306,042	747,009
Net Cost of Operations	$ 1,530,319	$ 104,269	$ 12,633	$ 592,068	$ (3,090)	$ (3,541)	$ 2,232,658
Statement of Changes in Net Position							
Net Position Beginning of Period	$ 651,122	$ 249,797	$ 37,068	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,217,806
Budgetary Financing Sources	1,520,441	60	3,484	1,017,980	1	-	2,541,966
Other Financing Sources	92,969	7,628	4,893	-	5,553	3,234	114,277
Total Financing Sources	1,613,410	7,688	8,377	1,017,980	5,554	3,234	2,656,243
Net Cost of Operations	(1,530,319)	(104,269)	(12,633)	(592,068)	3,090	3,541	(2,232,658)
Net Change	83,091	(96,581)	(4,256)	425,912	8,644	6,775	423,585
Net Position End of Period	$ 734,213	$ 153,216	$ 32,812	$ 2,700,816	$ (49,352)	$ 69,686	$ 3,641,391

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

Note 18. Earmarked Funds (continued)

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

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Balance Sheet							
Assets							
Fund Balance with U. S. Treasury	$ 411,871	$ 13,501	$ 48,282	$ 2,327,764	$ 59,827	$ 59,832	$ 2,921,077
Investments, Net	698,320	244,418	-	-	-	-	942,738
Other Assets	146,044	21,760	10,800	8,654	40,685	25,954	253,897
Total Assets	$ 1,256,235	$ 279,679	$ 59,082	$ 2,336,418	$ 100,512	$ 85,786	$ 4,117,712
Liabilities							
Accounts Payable	$ 437,704	$ 14,167	$ 10,928	$ 61,289	$ 1,331	$ 13,732	$ 539,151
Other Liabilities	167,409	15,715	11,086	225	157,177	9,143	360,755
Total Liabilities	$ 605,113	$ 29,882	$ 22,014	$ 61,514	$ 158,508	$ 22,875	$ 899,906
Net Position							
Cumulative Results of Operations	$ 651,122	$ 249,797	$ (23,003)	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,157,735
Unexpended Appropriations	-	-	60,071	-	-	-	60,071
Total Net Postion	$ 651,122	$ 249,797	$ 37,068	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,217,806
Total Liabilities and Net Position	$ 1,256,235	$ 279,679	$ 59,082	$ 2,336,418	$ 100,512	$ 85,786	$ 4,117,712
Statement of Net Cost							
Gross Cost of Operations	$ 975,636	$ 202,267	$ 143,524	$ 610,261	$ 144,406	$ 288,868	$ 2,364,962
Less: Exchange Revenues	1,481	157,648	112,505	-	149,451	288,342	709,427
Net Cost of Operations	$ 974,155	$ 44,619	$ 31,019	$ 610,261	$ (5,045)	$ 526	$ 1,655,535
Statement of Changes in Net Position							
Net Position Beginning of Period	$ 444,912	$ 287,206	$ 146,364	$ 2,254,809	$ (53,328)	$ 60,433	$ 3,140,396
Budgetary Financing Sources	1,072,698	52	(83,032)	649,621	-	-	1,639,339
Other Financing Sources	107,667	7,158	4,755	(19,265)	(9,713)	3,004	93,606
Total Financing Sources	1,180,365	7,210	(78,277)	630,356	(9,713)	3,004	1,732,945
Net Cost of Operations	(974,155)	(44,619)	(31,019)	(610,261)	5,045	(526)	(1,655,535)
Net Change	206,210	(37,409)	(109,296)	20,095	(4,668)	2,478	77,410
Net Position End of Period	$ 651,122	$ 249,797	$ 37,068	$ 2,274,904	$ (57,996)	$ 62,911	$ 3,217,806

These notes are an integral part of the financial statements.

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

Note 18. Earmarked Funds (continued)

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

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

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

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

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

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

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

Note 19. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost	$ -	$ 492,989	$ 5,219	$ -	$ 48,810	$ 3,461,168	$ 6,499	$ -	$ -	$ (171,501)	$ 3,843,184
Less: Earned Revenue	-	204,922	-	-	1,452	219,266	-	-	-	(171,501)	254,139
Net Cost (Revenue) of Operations	-	288,067	5,219	-	47,358	3,241,902	6,499	-	-	-	3,589,045
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost	1,534,041	5,088,063	981	1,512,413	2,301,304	3,348,680	1,088,821	1,160	-	(1,031,026)	13,844,437
Less: Earned Revenue	3,722	964,111	-	220,278	538,200	517,915	40,671	-	-	(1,031,026)	1,253,871
Net Cost (Revenue) of Operations	1,530,319	4,123,952	981	1,292,135	1,763,104	2,830,765	1,048,150	1,160	-	-	12,590,566
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost	-	1,610,331	2,487,386	1,478,033	-	-	-	5,929,647	966,633	(1,349,842)	11,122,188
Less: Earned Revenue	-	19,123	1,293,650	58,292	-	-	-	336,042	977,895	(1,324,885)	1,360,117
Net Cost (Revenue) of Operations	-	1,591,208	1,193,736	1,419,741	-	-	-	5,593,605	(11,262)	(24,957)	9,762,071
Net Cost (Revenue) of Operations	$ 1,530,319	$ 6,003,227	$ 1,199,936	$ 2,711,876	$ 1,810,462	$ 6,072,667	$ 1,054,649	$ 5,594,765	$ (11,262)	$ (24,957)	$ 25,941,682

For the Fiscal Year Ended September 30, 2006

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost	$ -	$ 466,234	$ 3,968	$ -	$ -	$ 3,478,067	$ 7,401	$ -	$ -	$ (189,442)	$ 3,766,228
Less: Earned Revenue	-	243,208	-	-	-	213,664	-	-	-	(189,442)	267,430
Net Cost (Revenue) of Operations	-	223,026	3,968	-	-	3,264,403	7,401	-	-	-	3,498,798
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost	975,636	5,031,648	-	1,798,411	2,285,143	3,061,988	1,026,905	-	-	(900,085)	13,279,646
Less: Earned Revenue	1,481	989,051	-	220,738	492,711	498,378	36,835	-	-	(900,085)	1,339,109
Net Cost (Revenue) of Operations	974,155	4,042,597	-	1,577,673	1,792,432	2,563,610	990,070	-	-	-	11,940,537
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost	-	1,508,669	2,303,494	1,565,772	-	-	-	5,625,941	808,125	(1,373,867)	10,438,134
Less: Earned Revenue	-	24,643	1,220,601	76,633	-	-	-	320,339	790,620	(1,348,044)	1,084,792
Net Cost (Revenue) of Operations	-	1,484,026	1,082,893	1,489,139	-	-	-	5,305,602	17,505	(25,823)	9,353,342
Net Cost (Revenue) of Operations	$ 974,155	$ 5,749,649	$ 1,086,861	$ 3,066,812	$ 1,792,432	$ 5,828,013	$ 997,471	$ 5,305,602	$ 17,505	$ (25,823)	$ 24,792,677

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

These notes are an integral part of the financial statements.

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

Note 20. Imputed Financing from Costs Absorbed by Others

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

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

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

For the Fiscal Years Ended September 30, 2007 and 2006

	2007	2006
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 126,856	$ 18,452
Health Insurance	492,236	472,422
Life Insurance	1,632	1,586
Pension	135,824	157,798
Total Imputed Inter-Departmental	$ 756,548	$ 650,258

These notes are an integral part of the financial statements.

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

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

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, "Managerial Cost Accounting Standards and Concepts," are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Cost are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI imputed $24,957 and $25,823 for FYs 2007 and 2006, respectively of unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements.

Note 21. Information Related to the Statement of Budgetary Resources

Apportionment Categories of Obligations Incurred:

	Direct Obligations	Reimbursable Obligations	Total Obligations Incurred
For the Fiscal Year Ended September 30, 2007			
Obligations Apportioned Under			
Category A	$ 24,561,787	$ 5,222,760	$ 29,784,547
Category B	2,088,064	18,778	2,106,842
Exempt from Apportionment	-	939,192	939,192
Total	$ 26,649,851	$ 6,180,730	$ 32,830,581
For the Fiscal Year Ended September 30, 2006			
Obligations Apportioned Under			
Category A	$ 23,051,699	$ 5,177,899	$ 28,229,598
Category B	1,517,149	27,679	1,544,828
Exempt from Apportionment	-	850,798	850,798
Total	$ 24,568,848	$ 6,056,376	$ 30,625,224

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

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

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

Status of Undelivered Orders:

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

As of September 30, 2007 and 2006

	2007	2006
UDO Obligations Unpaid	$ 8,683,395	$ 8,235,804
UDO Obligations Prepaid/Advanced	1,359,815	1,442,273
Total UDO	$ 10,043,210	$ 9,678,077

Permanent Indefinite Appropriations:

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

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

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

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

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

Permanent Indefinite Appropriations (continued):

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

Legal Arrangements Affecting Use of Unobligated Balances:

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

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

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

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

The reconciliation as of September 30, 2006 is presented below. The reconciliation as of September 30, 2007 is not presented, because the submission of the Budget of the United States (Budget) for FY 2009, which presents the execution of the FY 2007 budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (http://www.whitehouse.gov/omb/budget) and will be available in early February 2008.

For the Fiscal Year Ended September 30, 2006 (Dollars in millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources (SBR)	$ 33,903	$ 30,625	$ 786	$ 23,664
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, FBI, ATF & BOP	(490)	(185)	-	-
AFF/SADF Forfeiture Activity	(51)	(32)	-	32
USMS Court Security Funds	(304)	(300)	-	(289)
Distributed Offsetting Receipts	-	-	(355)	356
OBDs FACTS II Adjustments	(29)	(18)	-	-
OBD Legal Activities - Prior Year Timing Differences	-	-	-	(27)
Other	2	14	(4)	1
Budget of the United States	$ 33,031	$ 30,104	$ 427	$ 23,737

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

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

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

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

Liabilities that are not covered by realized budgetary resources and for which there is not certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling $2,566,502 and $2,442,058 on September 30, 2007 and 2006, respectively, are discussed in Note 11, "Liabilities not Covered by Budgetary Resources." Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

	2007	2006
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Accrued Annual and Compensatory Leave Liabilities	$ -	$ (16,253)
Other		
Decrease in Actuarial FECA Liabilities	(959)	(486)
Decrease in Accrued FECA Liabilities	(363)	(87)
Decrease in Contingent Liabilities	(108,726)	(73,646)
Decrease in Capital Lease Liabilities	(6,001)	(5,562)
Decrease in RECA Liabilities	-	(71,309)
Decrease in Other Unfunded Employment Related Liabilities	(42)	(825)
Decrease in Other Liabilities	-	(38)
Total Other	(116,091)	(151,953)
Total Resources that Fund Expenses Recognized in Prior Periods	$ (116,091)	$ (168,206)
Components of Net Cost of Operations Requiring or Generating Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	$ 30,712	$ 17,167
Increase in Environmental and Disposal Liabilities	22,112	-
(Increase)/Decrease in Exchange Revenue Receivable from the Public	1,866	19,450
(Increase)/Decrease in Nonexchange Receivables from the Public	(74)	8
Other		
Increase in Actuarial FECA Liabilities	55,877	65,712
Increase in Accrued FECA Liabilities	16,393	17,254
Increase in Deferred Revenue	40,671	13,237
Increase in Contingent Liabilities	89,196	996
Increase in Capital Lease Liabilities	-	1,012
Increase in RECA Liabilities	842	-
Increase in Other Unfunded Employee Related Liabilities	220	1,431
Increase in Other Liabilities	172	137
Total Other	203,371	99,779
Total Components of Net Cost of Operations Requiring or Generating Resources in Future Periods	$ 257,987	$ 136,404

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

Note 23. Allocation Transfers of Appropriation

During FYs 2007 the Department transferred $17,000 from the Crime Victims Fund to the Department of Health and Human Services (HHS). The same amount was transferred in FY 2006. This transfer is required by law and is used for child abuse prevention and treatment grants. Amounts made available by section §10601(d)(2) of this title, for the purposes of this section, shall be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

The Department also allocated funds from BOP to the Public Health Service (PHS). PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligation of PHS staff salaries, benefits, and applicable relocation expenses. The amounts transferred to PHS from BOP totaled $68,000 and $66,000 for the fiscal years ended September 30, 2007 and 2006, respectively, and the related activity is included as part of the these financial statements.

The USMS receives allocation transfers of appropriation from the Administrative Office of U.S. Courts (AOUSC). However, the AOUSC is not an Executive Branch entity and is not required to report annual financial statements. The USMS is the child in the allocation transfer, but per OMB guidance, all activity relative to these allocation transfers is reported in the USMS financial statements. The allocation transfers are used for costs associated with protective guard services - Court Security Officers (CSOs) at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual basis.

Note 24. Net Custodial Revenue Activity

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

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

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

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

Note 24. Net Custodial Revenue Activity (continued)

The OBDs collect civil fines, penalties, and restitution payments that are incidental to its mission. By court order, the OBDs were given the investment authority and the settlement funds collected must be invested. The OBDs invest these funds with the U.S. Department of Treasury, Bureau of the Public Debt. As of September 30, 2007 and 2006, the custodial assets and liabilities recorded by the OBDs on the balance sheet are $1,017,222 and $337,623, respectively. The OBDs custodial collections totaled $3,075,294 and $4,088,130 for the fiscal years ended September 30, 2007 and 2006.

DEA's collections include $15 million of the total fees collected in excess of the cost of operation the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that were incidental to DEA's mission. Since DEA has no statutory authority to use these excess funds, DEA transmits them to the U.S. Treasury's General Fund.

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

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

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

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2007 and 2006

Dollars in Thousands	2007	2006
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury	$ 16,515,163	$ 14,987,451
Investments, Net	3,190,827	2,082,266
Accounts Receivable, Net	337,071	376,360
Other Assets	146,157	115,153
Total Intragovernmental	20,189,218	17,561,230
Cash and Other Monetary Assets	130,312	109,676
Accounts Receivable, Net	86,443	93,837
Inventory and Related Property, Net	210,766	216,377
General Property, Plant and Equipment, Net	8,234,077	8,167,650
Other Assets	606,440	698,419
Total Assets	**$ 29,457,256**	**$ 26,847,189**
LIABILITIES		
Intragovernmental		
Accounts Payable	$ 299,886	$ 271,000
Debt	20,000	20,000
Other Liabilities	1,654,578	1,346,461
Total Intragovernmental	1,974,464	1,637,461
Accounts Payable	2,776,264	2,344,943
Contingent Liabilities	190,090	209,620
Other Liabilities	4,186,727	3,494,888
Total Liabilities	**$ 9,149,657**	**$ 7,686,912**
NET POSITION		
Unexpended Appropriations - Earmarked Funds	$ 21,938	$ 60,071
Unexpended Appropriations - Other Funds	9,714,869	9,079,538
Cumulative Results of Operations - Earmarked Funds	3,619,453	3,157,735
Cumulative Results of Operations - Other Funds	6,951,339	6,862,933
Total Net Position	**$ 20,307,599**	**$ 19,160,277**
Total Liabilities and Net Position	**$ 29,457,256**	**$ 26,847,189**

These notes are an integral part of the financial statements.

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

Note 26. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

The Department changed its method of reporting the reconciliation of the Net Cost of Operations to budgetary resources during FY 2007. Effective FY 2007 and in accordance with OMB Circular A-136, the Statement of Financing is no longer considered a basic statement. In previous years, this reconciliation was accomplished by presenting the Statement of Financing as a basic financial statement.

For the Fiscal Years Ended September 30, 2007 and 2006

	2007	2006
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$ 32,830,581	$ 30,625,224
Less: Spending Authority from Offsetting Collections and Recoveries	7,151,308	6,654,337
Obligations Net of Offsetting Collections and Recoveries	25,679,273	23,970,887
Less: Offsetting Receipts	1,269,818	786,338
Net Obligations	24,409,455	23,184,549
Other Resources		
Donations and Forfeitures of Property	107,049	116,189
Transfers-In/Out Without Reimbursement	(13,737)	(35,871)
Imputed Financing from Costs Absorbed by Others (Note 20)	756,548	650,258
Other	-	-
Net Other Resources Used to Finance Activities	849,860	730,576
Total Resources Used to Finance Activities	25,259,315	23,915,125
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	(197,279)	795,596
Resources That Fund Expenses Recognized in Prior Periods (Note 22)	(116,091)	(168,206)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	760,155	306,577
Resources That Finance the Acquisition of Assets	(712,153)	(812,749)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	9,652	9,318
Total Resources Used to Finance Items not Part of the Net Cost of Operations	(255,716)	130,536
Total Resources Used to Finance the Net Cost of Operations	$ 25,003,599	$ 24,045,661

These notes are an integral part of the financial statements.

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

Note 26. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing) (continued)

For the Fiscal Years Ended September 30, 2007 and 2006	2007	2006
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual and Compensatory Leave Liabilities	$ 30,712	$ 17,167
Increase in Environmental and Disposal Liabilities	22,112	-
(Increase)/Decrease in Exchange Revenue Receivable from the Public	1,866	19,450
(Increase)/Decrease in Nonexchange Receivable from the Public	(74)	8
Other	203,371	99,779
Total Components of Net Cost of Operations That will Require or Generate Resources in Future Periods (Note 22)	257,987	136,404
Components not Requiring or Generating Resources		
Depreciation and Amortization	607,190	582,872
Revaluation of Assets or Liabilities	16,965	27,350
Other	55,941	390
Total Components of Net Cost of Operations That will not Require or Generate Resources	680,096	610,612
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	938,083	747,016
Net Cost of Operations	$ 25,941,682	$ 24,792,677

These notes are an integral part of the financial statements.

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Consolidating and Combining Financial Statements

See Independent Auditors' Report on Financial Statements

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	$ 300,136	$ 4,684,262	$ 474,141	$ 6,406,981	$ 620,262	$ 2,245,025	$ 267,278	$ 1,494,588	$ 22,490	$ -	$ 16,515,163
Investments, Net	2,548,567	247,660	-	-	-	-	-	-	394,600	-	3,190,827
Accounts Receivable, Net	13,608	306,382	137,775	6,206	41,980	78,288	22,792	4,488	55,030	(329,478)	337,071
Other Assets	2,228	681,894	5,549	23,319	24,210	90,227	34,712	4,400	-	(720,382)	146,157
Total Intragovernmental	2,864,539	5,920,198	617,465	6,436,506	686,452	2,413,540	324,782	1,503,476	472,120	(1,049,860)	20,189,218
Cash and Monetary Assets	64,206	1	-	5	7,150	53,318	4,929	703	-	-	130,312
Accounts Receivable, Net	1	11,079	242	3,395	3,643	29,857	407	24,588	13,231	-	86,443
Inventory and Related Property, Net	-	157	1,998	-	5,698	5,167	-	16,523	181,223	-	210,766
Forfeited Property, Net	124,379	-	-	-	-	-	-	-	-	-	124,379
General Property, Plant and Equipment, Net	3,378	114,557	244,888	28,968	331,942	1,078,009	187,900	6,114,705	129,730	-	8,234,077
Advances and Prepayments	-	7,893	-	417,883	8,360	37,744	1	4,528	-	-	476,409
Other Assets	-	-	184	-	-	-	-	3,452	2,016	-	5,652
Total Assets	**$ 3,056,503**	**$ 6,053,885**	**$ 864,777**	**$ 6,886,757**	**$ 1,043,245**	**$ 3,617,635**	**$ 518,019**	**$ 7,667,975**	**$ 798,320**	**$ (1,049,860)**	**$ 29,457,256**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 67,016	$ 255,030	$ 9,244	$ 47,884	$ 30,336	$ 152,616	$ 27,430	$ 34,369	$ 5,439	$ (329,478)	$ 299,886
Accrued FECA Liabilities	-	9,994	14,540	11	26,365	32,264	19,994	110,955	1,221	-	215,344
Debt	-	-	-	-	-	-	-	-	20,000	-	20,000
Custodial Liabilities	-	830,787	-	-	1,353	-	-	-	-	-	832,140
Other Liabilities	-	255,390	32,235	703,527	14,142	79,621	5,359	48,240	188,962	(720,382)	607,094
Total Intragovernmental	67,016	1,351,201	56,019	751,422	72,196	264,501	52,783	193,564	215,622	(1,049,860)	1,974,464
Accounts Payable	829,987	464,272	307,187	355,613	85,381	280,192	69,778	312,413	71,441	-	2,776,264
Actuarial FECA Liabilities	-	44,719	71,161	35	137,089	165,448	100,113	517,449	10,465	-	1,046,479
Accrued Payroll and Benefits	-	75,905	16,599	2,537	36,217	105,999	19,130	88,285	8,759	-	353,431
Accrued Annual and Compensatory Leave Liabilities	-	153,349	33,156	4,440	82,151	205,844	41,030	145,707	9,804	-	675,481
Environmental and Disposal Liabilities	-	-	-	-	-	-	-	22,112	-	-	22,112
Deferred Revenue	124,379	-	-	-	185,599	-	-	1,599	-	-	311,577
Seized Cash and Monetary Instruments	1,265,908	-	-	-	467	30,729	2,109	-	-	-	1,299,213
Contingent Liabilities	35,000	1,357	18,100	-	8,720	119,363	2,346	5,204	-	-	190,090
Capital Lease Liabilities	-	-	3,787	-	-	-	-	48,079	1,317	-	53,183
Radiation Exposure Compensation Act Liabilities	-	188,458	-	-	-	-	-	-	-	-	188,458
Other Liabilities	-	186,435	-	-	5	13,390	6,864	52,211	-	-	258,905
Total Liabilities	**$ 2,322,290**	**$ 2,465,696**	**$ 506,009**	**$ 1,114,047**	**$ 607,825**	**$ 1,185,466**	**$ 294,153**	**$ 1,386,623**	**$ 317,408**	**$ (1,049,860)**	**$ 9,149,657**
NET POSITION											
Unexpended Appropriations - Earmarked Funds	$ -	$ 21,938	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,938
Unexpended Appropriations - All Other Funds	-	3,241,246	215,147	3,049,478	437,415	1,647,372	170,656	953,555	-	-	9,714,869
Cumulative Results of Operations - Earmarked Funds	734,213	164,090	-	2,700,816	(49,352)	-	-	69,686	-	-	3,619,453
Cumulative Results of Operations - All Other Funds	-	160,915	143,621	22,416	47,357	784,797	53,210	5,258,111	480,912	-	6,951,339
Total Net Position	**$ 734,213**	**$ 3,588,189**	**$ 358,768**	**$ 5,772,710**	**$ 435,420**	**$ 2,432,169**	**$ 223,866**	**$ 6,281,352**	**$ 480,912**	**$ -**	**$ 20,307,599**
Total Liabilities and Net Position	**$ 3,056,503**	**$ 6,053,885**	**$ 864,777**	**$ 6,886,757**	**$ 1,043,245**	**$ 3,617,635**	**$ 518,019**	**$ 7,667,975**	**$ 798,320**	**$ (1,049,860)**	**$ 29,457,256**

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	$ 411,871	$ 4,485,948	$ 414,562	$ 6,161,209	$ 401,392	$ 1,606,288	$ 184,031	$ 1,265,377	$ 56,773	$ -	$ 14,987,451
Investments, Net	1,436,744	323,922	-	-	-	-	-	-	321,600	-	2,082,266
Accounts Receivable, Net	8,071	265,399	143,377	13,413	59,458	169,605	28,848	10,613	33,838	(356,262)	376,360
Other Assets	1,445	655,109	15,419	32,695	33,154	77,280	9,766	4,450	-	(714,165)	115,153
Total Intragovernmental	1,858,131	5,730,378	573,358	6,207,317	494,004	1,853,173	222,645	1,280,440	412,211	(1,070,427)	17,561,230
Cash and Monetary Assets	58,777	-	-	5	6,911	37,892	5,423	668	-	-	109,676
Accounts Receivable, Net	-	28,417	230	-	2,692	31,424	364	20,509	10,201	-	93,837
Inventory and Related Property, Net	-	169	1,009	-	5,423	5,478	-	16,210	188,088	-	216,377
Forfeited Property, Net	132,409	-	-	-	-	-	-	-	-	-	132,409
General Property, Plant and Equipment, Net	4,118	75,966	257,640	23,117	335,142	952,734	205,978	6,193,855	119,100	-	8,167,650
Advances and Prepayments	1	7,094	-	494,413	6,384	49,094	313	4,221	393	-	561,913
Other Assets	-	-	184	-	-	-	-	3,130	783	-	4,097
Total Assets	**$ 2,053,436**	**$ 5,842,024**	**$ 832,421**	**$ 6,724,852**	**$ 850,556**	**$ 2,929,795**	**$ 434,723**	**$ 7,519,033**	**$ 730,776**	**$ (1,070,427)**	**$ 26,847,189**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 64,754	$ 288,000	$ 6,313	$ 32,126	$ 54,554	$ 107,541	$ 35,373	$ 31,151	$ 7,450	$ (356,262)	$ 271,000
Accrued FECA Liabilities	-	9,476	13,196	67	25,994	32,571	19,830	96,954	1,178	-	199,266
Debt	-	-	-	-	-	-	-	-	20,000	-	20,000
Custodial Liabilities	-	229,623	-	-	1,732	-	-	-	-	-	231,355
Other Liabilities	-	569,663	40,950	694,238	13,453	77,406	5,046	46,432	182,817	(714,165)	915,840
Total Intragovernmental	64,754	1,096,762	60,459	726,431	95,733	217,518	60,249	174,537	211,445	(1,070,427)	1,637,461
Accounts Payable	372,950	504,091	251,284	493,021	77,062	267,024	37,746	285,723	56,042	-	2,344,943
Actuarial FECA Liabilities	-	45,678	67,426	33	136,505	156,766	98,164	477,073	9,916	-	991,561
Accrued Payroll and Benefits	-	73,747	15,835	2,517	35,699	102,135	19,174	80,523	7,606	-	337,236
Accrued Annual and Compensatory Leave Liabilities	-	146,239	30,975	4,025	79,313	196,019	39,104	139,290	9,161	-	644,126
Deferred Revenue	132,409	-	-	-	144,927	-	-	1,664	-	-	279,000
Seized Cash and Monetary Instruments	797,201	-	-	-	441	30,221	2,972	-	-	-	830,835
Contingent Liabilities	35,000	96,063	17,000	-	22,740	33,931	250	4,636	-	-	209,620
Capital Lease Liabilities	-	-	4,845	8	-	-	-	53,020	1,483	-	59,356
Radiation Exposure Compensation Act Liabilities	-	187,616	-	-	-	-	-	-	-	-	187,616
Other Liabilities	-	108,000	-	-	48	2,416	8,039	46,655	-	-	165,158
Total Liabilities	**$ 1,402,314**	**$ 2,258,196**	**$ 447,824**	**$ 1,226,035**	**$ 592,468**	**$ 1,006,030**	**$ 265,698**	**$ 1,263,121**	**$ 295,653**	**$ (1,070,427)**	**$ 7,686,912**
NET POSITION											
Unexpended Appropriations - Earmarked Funds	$ -	$ 60,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,071
Unexpended Appropriations - Other Funds	-	3,266,255	224,311	3,209,863	273,300	1,210,645	120,123	775,041	-	-	$ 9,079,538
Cumulative Results of Operations - Earmarked Funds	651,122	226,794	-	2,274,904	(57,996)	-	-	62,911	-	-	3,157,735
Cumulative Results of Operations - Other Funds	-	30,708	160,286	14,050	42,784	713,120	48,902	5,417,960	435,123	-	6,862,933
Total Net Position	**$ 651,122**	**$ 3,583,828**	**$ 384,597**	**$ 5,498,817**	**$ 258,088**	**$ 1,923,765**	**$ 169,025**	**$ 6,255,912**	**$ 435,123**	**$ -**	**$ 19,160,277**
Total Liabilities and Net Position	**$ 2,053,436**	**$ 5,842,024**	**$ 832,421**	**$ 6,724,852**	**$ 850,556**	**$ 2,929,795**	**$ 434,723**	**$ 7,519,033**	**$ 730,776**	**$ (1,070,427)**	**$ 26,847,189**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost - Intragovernmental	$ -	$ 118,830	$ 5,219	$ -	$ 4,719	$ 1,010,216	$ -	$ -	$ -	$ (171,501)	$ 967,483
Gross Cost - With the Public	-	374,159	-	-	44,091	2,450,952	6,499	-	-	-	2,875,701
Subtotal Gross Costs	-	492,989	5,219	-	48,810	3,461,168	6,499	-	-	(171,501)	3,843,184
Earned Revenues - Intragovernmental	-	185,465	-	-	1,138	207,693	-	-	-	(171,501)	222,795
Earned Revenues - With the Public	-	19,457	-	-	314	11,573	-	-	-	-	31,344
Subtotal Earned Revenues	-	204,922	-	-	1,452	219,266	-	-	-	(171,501)	254,139
Subtotal Net Cost (Revenues) of Operations	$ -	$ 288,067	$ 5,219	$ -	$ 47,358	$ 3,241,902	$ 6,499	$ -	$ -	$ -	$ 3,589,045
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost - Intragovernmental	$ 195,990	$ 1,817,827	$ 981	$ 65,855	$ 738,213	$ 977,384	$ 326,514	$ -	$ -	$ (1,031,026)	$ 3,091,738
Gross Cost - With the Public	1,338,051	3,270,236	-	1,446,558	1,563,091	2,371,296	762,307	1,160	-	-	10,752,699
Subtotal Gross Costs	1,534,041	5,088,063	981	1,512,413	2,301,304	3,348,680	1,088,821	1,160	-	(1,031,026)	13,844,437
Earned Revenues - Intragovernmental	3,722	664,334	-	220,242	367,804	380,083	40,638	-	-	(1,031,026)	645,797
Earned Revenues - With the Public	-	299,777	-	36	170,396	137,832	33	-	-	-	608,074
Subtotal Earned Revenues	3,722	964,111	-	220,278	538,200	517,915	40,671	-	-	(1,031,026)	1,253,871
Subtotal Net Cost (Revenues) of Operations	$ 1,530,319	$ 4,123,952	$ 981	$ 1,292,135	$ 1,763,104	$ 2,830,765	$ 1,048,150	$ 1,160	$ -	$ -	$ 12,590,566
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost - Intragovernmental	$ -	$ 1,246,983	$ 433,803	$ 123,682	$ -	$ -	$ -	$ 1,267,155	$ 179,707	$ (1,349,842)	$ 1,901,488
Gross Cost - With the Public	-	363,348	2,053,583	1,354,351	-	-	-	4,662,492	786,926	-	9,220,700
Subtotal Gross Costs	-	1,610,331	2,487,386	1,478,033	-	-	-	5,929,647	966,633	(1,349,842)	11,122,188
Earned Revenues - Intragovernmental	-	17,406	1,290,122	58,283	-	-	-	17,593	911,160	(1,324,885)	969,679
Earned Revenues - With the Public	-	1,717	3,528	9	-	-	-	318,449	66,735	-	390,438
Subtotal Earned Revenues	-	19,123	1,293,650	58,292	-	-	-	336,042	977,895	(1,324,885)	1,360,117
Subtotal Net Cost (Revenues) of Operations	$ -	$ 1,591,208	$ 1,193,736	$ 1,419,741	$ -	$ -	$ -	$ 5,593,605	$ (11,262)	$ (24,957)	$ 9,762,071
Total Net Cost (Revenue) of Operations	**$ 1,530,319**	**$ 6,003,227**	**$ 1,199,936**	**$ 2,711,876**	**$ 1,810,462**	**$ 6,072,667**	**$ 1,054,649**	**$ 5,594,765**	**$ (11,262)**	**$ (24,957)**	**$ 25,941,682**

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost - Intragovernmental	$ -	$ 117,124	$ 3,968	$ -	$ -	$ 1,040,959	$ 131	$ -	$ -	$ (189,442)	$ 972,740
Gross Cost - With the Public	-	349,110	-	-	-	2,437,108	7,270	-	-	-	2,793,488
Subtotal Gross Costs	-	466,234	3,968	-	-	3,478,067	7,401	-	-	(189,442)	3,766,228
Earned Revenues - Intragovernmental	-	206,683	-	-	-	203,176	-	-	-	(189,442)	220,417
Earned Revenues - With the Public	-	36,525	-	-	-	10,488	-	-	-	-	47,013
Subtotal Earned Revenues	-	243,208	-	-	-	213,664	-	-	-	(189,442)	267,430
Subtotal Net Cost (Revenues) of Operations	$ -	$ 223,026	$ 3,968	$ -	$ -	$ 3,264,403	$ 7,401	$ -	$ -	$ -	$ 3,498,798
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost - Intragovernmental	$ 153,393	$ 1,774,260	$ -	$ 38,070	$ 705,292	$ 916,429	$ 310,173	$ -	$ -	$ (900,085)	$ 2,997,532
Gross Cost - With the Public	822,243	3,257,388	-	1,760,341	1,579,851	2,145,559	716,732	-	-	-	10,282,114
Subtotal Gross Costs	975,636	5,031,648	-	1,798,411	2,285,143	3,061,988	1,026,905	-	-	(900,085)	13,279,646
Earned Revenues - Intragovernmental	1,481	660,887	-	220,738	337,968	378,373	36,712	-	-	(900,085)	736,074
Earned Revenues - With the Public	-	328,164	-	-	154,743	120,005	123	-	-	-	603,035
Subtotal Earned Revenues	1,481	989,051	-	220,738	492,711	498,378	36,835	-	-	(900,085)	1,339,109
Subtotal Net Cost (Revenues) of Operations	$ 974,155	$ 4,042,597	$ -	$ 1,577,673	$ 1,792,432	$ 2,563,610	$ 990,070	$ -	$ -	$ -	$ 11,940,537
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost - Intragovernmental	$ -	$ 1,168,956	$ 411,404	$ 105,023	$ -	$ -	$ -	$ 1,197,820	$ 184,170	$ (1,373,867)	$ 1,693,506
Gross Cost - With the Public	-	339,713	1,892,090	1,460,749	-	-	-	4,428,121	623,955	-	8,744,628
Subtotal Gross Costs	-	1,508,669	2,303,494	1,565,772	-	-	-	5,625,941	808,125	(1,373,867)	10,438,134
Earned Revenues - Intragovernmental	-	21,421	1,215,620	76,633	-	-	-	17,392	741,731	(1,348,044)	724,753
Earned Revenues - With the Public	-	3,222	4,981	-	-	-	-	302,947	48,889	-	360,039
Subtotal Earned Revenues	-	24,643	1,220,601	76,633	-	-	-	320,339	790,620	(1,348,044)	1,084,792
Subtotal Net Cost (Revenues) of Operations	$ -	$ 1,484,026	$ 1,082,893	$ 1,489,139	$ -	$ -	$ -	$ 5,305,602	$ 17,505	$ (25,823)	$ 9,353,342
Total Net Cost (Revenue) of Operations	**$ 974,155**	**$ 5,749,649**	**$ 1,086,861**	**$ 3,066,812**	**$ 1,792,432**	**$ 5,828,013**	**$ 997,471**	**$ 5,305,602**	**$ 17,505**	**$ (25,823)**	**$ 24,792,677**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Earmarked Funds	$ -	$ 60,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,071
All Other Funds	-	3,266,255	224,311	3,209,863	273,300	1,210,645	120,123	775,041	-	-	9,079,538
Budgetary Financing Sources											
Appropriations Received											
Earmarked Funds	-	18,819	-	-	-	-	-	-	-	-	18,819
All Other Funds	-	5,940,629	825,366	2,005,427	1,757,055	6,298,573	988,097	5,444,858	-	-	23,260,005
Appropriations Transferred-In/Out											
All Other Funds	-	17,759	316,716	18,491	83,945	102,570	41,146	(4,956)	-	-	575,671
Other Adjustments											
Earmarked Funds	-	(49,335)	-	-	-	-	-	-	-	-	(49,335)
All Other Funds	-	(39,030)	-	(119,835)	-	(39,000)	-	-	-	-	(197,865)
Appropriations Used											
Earmarked Funds	-	(7,617)	-	-	-	-	-	-	-	-	(7,617)
All Other Funds	-	(5,944,367)	(1,151,246)	(2,064,468)	(1,676,885)	(5,925,416)	(978,710)	(5,261,388)	-	-	(23,002,480)
Total Financing Sources											
Earmarked Funds	**-**	**(38,133)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(38,133)
All Other Funds	**-**	**(25,009)**	**(9,164)**	**(160,385)**	**164,115**	**436,727**	**50,533**	**178,514**	**-**	**-**	635,331
Net Change											
Earmarked Funds	-	(38,133)	-	-	-	-	-	-	-	-	(38,133)
All Other Funds	-	(25,009)	(9,164)	(160,385)	164,115	436,727	50,533	178,514	-	-	635,331
Ending Balances											
Earmarked Funds	**-**	**21,938**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	21,938
All Other Funds	**-**	**3,241,246**	**215,147**	**3,049,478**	**437,415**	**1,647,372**	**170,656**	**953,555**	**-**	**-**	9,714,869
Total All Funds	**$ -**	**$ 3,263,184**	**$ 215,147**	**$ 3,049,478**	**$ 437,415**	**$ 1,647,372**	**$ 170,656**	**$ 953,555**	**$ -**	**$ -**	**$ 9,736,807**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Earmarked Funds	**$ 651,122**	**$ 226,794**	**$ -**	**$ 2,274,904**	**$ (57,996)**	**$ -**	**$ -**	**$ 62,911**	**$ -**	**$ -**	**$ 3,157,735**
All Other Funds	-	30,708	160,286	14,050	42,784	713,120	48,902	5,417,960	435,123	-	6,862,933
Budgetary Financing Sources											
Other Ajustments											
All Other Funds	-	(2,500)	-	-	-	-	-	-	-	-	(2,500)
Appropriations Used											
Earmarked Funds	-	7,617	-	-	-	-	-	-	-	-	7,617
All Other Funds	-	5,944,367	1,151,246	2,064,468	1,676,885	5,925,416	978,710	5,261,388	-	-	23,002,480
Nonexchange Revenues											
Earmarked Funds	111,426	60	-	1,017,980	-	-	-	-	-	-	1,129,466
All Other Funds	-	-	-	2,846	-	-	-	-	-	-	2,846
Donations and Forfeitures of Cash and Cash Equivalents											
Earmarked Funds	1,409,015	-	-	-	-	-	-	-	-	-	1,409,015
Transfers-In/Out Without Reimbursement											
All Other Funds	-	59,021	-	-	-	-	-	-	-	-	59,021
Other Budgetary Financing Sources											
Earmarked Funds	-	34,000	-	-	1	-	-	-	-	-	34,001
Other Financing Sources											
Donations and Forfeitures of Property											
Earmarked Funds	106,746	-	-	-	-	-	-	-	-	-	106,746
All Other Funds	-	-	-	-	-	-	302	1	-	-	303
Transfers-In/Out Without Reimbursement											
Earmarked Funds	(13,777)	-	-	-	42	-	-	-	-	-	(13,735)
All Other Funds	-	(111,103)	856	57,141	8,935	29,858	13,182	1,129	-	-	(2)
Imputed Financing from Costs Absorbed by Others											
Earmarked Funds	-	12,521	-	-	5,511	-	-	3,234	-	-	21,266
All Other Funds	-	126,747	31,169	3,719	132,305	189,070	66,763	175,939	34,527	(24,957)	735,282
Total Financing Sources											
Earmarked Funds	**1,613,410**	**54,198**	**-**	**1,017,980**	**5,554**	**-**	**-**	**3,234**	**-**	**-**	**2,694,376**
All Other Funds	**-**	**6,016,532**	**1,183,271**	**2,128,174**	**1,818,125**	**6,144,344**	**1,058,957**	**5,438,457**	**34,527**	**(24,957)**	**23,797,430**
Net Cost of Operations											
Earmarked Funds	(1,530,319)	(116,902)	-	(592,068)	3,090	-	-	3,541	-	-	(2,232,658)
All Other Funds	-	(5,886,325)	(1,199,936)	(2,119,808)	(1,813,552)	(6,072,667)	(1,054,649)	(5,598,306)	11,262	24,957	(23,709,024)
Net Change											
Earmarked Funds	83,091	(62,704)	-	425,912	8,644	-	-	6,775	-	-	461,718
All Other Funds	-	130,207	(16,665)	8,366	4,573	71,677	4,308	(159,849)	45,789	-	88,406
Ending Balances											
Earmarked Funds	**734,213**	**164,090**	**-**	**2,700,816**	**(49,352)**	**-**	**-**	**69,686**	**-**	**-**	**3,619,453**
All Other Funds	**-**	**160,915**	**143,621**	**22,416**	**47,357**	**784,797**	**53,210**	**5,258,111**	**480,912**	**-**	**6,951,339**
Total All Funds	**$ 734,213**	**$ 325,005**	**$ 143,621**	**$ 2,723,232**	**$ (1,995)**	**$ 784,797**	**$ 53,210**	**$ 5,327,797**	**$ 480,912**	**$ -**	**$ 10,570,792**

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

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

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Earmarked Funds	**$ 444,912**	**$ 280,168**	**$ -**	**$ 2,254,809**	**$ (53,328)**	**$ -**	**$ -**	**$ 60,433**	**$ -**	**$ -**	**$ 2,986,994**
All Other Funds	3,131	(163,865)	156,456	8,075	18,011	555,912	54,170	5,481,503	417,886	-	6,531,279
Budgetary Financing Sources											
Other Ajustments											
All Other Funds	-	(2,500)	-	-	-	-	-	-	-	-	(2,500)
Appropriations Used											
Earmarked Funds	-	10,299	-	-	-	-	-	-	-	-	10,299
All Other Funds	-	5,780,625	1,059,283	2,341,208	1,734,888	5,787,336	947,271	5,081,787	-	-	22,732,398
Nonexchange Revenues											
Earmarked Funds	63,481	52	-	649,621	-	-	-	-	-	-	713,154
All Other Funds	(3,131)	-	-	1,950	-	-	-	-	-	-	(1,181)
Donations and Forfeitures of Cash and Cash Equivalents											
Earmarked Funds	1,009,217	-	-	-	-	-	-	-	-	-	1,009,217
Transfers-In/Out Without Reimbursement											
All Other Funds	-	122,374	-	-	-	-	-	-	-	-	122,374
Other Budgetary Financing Sources											
Earmarked Funds	-	-	-	(19,265)	-	-	-	-	-	-	(19,265)
Other Financing Sources											
Donations and Forfeitures of Property											
Earmarked Funds	115,687	-	-	-	-	-	-	-	-	-	115,687
All Other Funds	-	-	-	-	-	-	290	212	-	-	502
Transfers-In/Out Without Reimbursement											
Earmarked Funds	(8,020)	-	-	-	(15,000)	-	-	-	-	-	(23,020)
All Other Funds	-	(156,202)	730	115,684	26,618	(5,957)	13,152	(6,918)	42	-	(12,851)
Imputed Financing from Costs Absorbed by Others											
Earmarked Funds	-	11,913	-	-	5,287	-	-	3,004	-	-	20,204
All Other Funds	-	124,287	30,678	3,684	60,744	203,842	31,490	166,452	34,700	(25,823)	630,054
Total Financing Sources											
Earmarked Funds	**1,180,365**	**22,264**	**-**	**630,356**	**(9,713)**	**-**	**-**	**3,004**	**-**	**-**	**1,826,276**
All Other Funds	**(3,131)**	**5,868,584**	**1,090,691**	**2,462,526**	**1,822,250**	**5,985,221**	**992,203**	**5,241,533**	**34,742**	**(25,823)**	**23,468,796**
Net Cost of Operations											
Earmarked Funds	(974,155)	(75,638)	-	(610,261)	5,045	-	-	(526)	-	-	(1,655,535)
All Other Funds	-	(5,674,011)	(1,086,861)	(2,456,551)	(1,797,477)	(5,828,013)	(997,471)	(5,305,076)	(17,505)	25,823	(23,137,142)
Net Change											
Earmarked Funds	206,210	(53,374)	-	20,095	(4,668)	-	-	2,478	-	-	170,741
All Other Funds	(3,131)	194,573	3,830	5,975	24,773	157,208	(5,268)	(63,543)	17,237	-	331,654
Ending Balances											
Earmarked Funds	**651,122**	**226,794**	**-**	**2,274,904**	**(57,996)**	**-**	**-**	**62,911**	**-**	**-**	**3,157,735**
All Other Funds	**-**	**30,708**	**160,286**	**14,050**	**42,784**	**713,120**	**48,902**	**5,417,960**	**435,123**	**-**	**6,862,933**
Total All Funds	**$ 651,122**	**$ 257,502**	**$ 160,286**	**$ 2,288,954**	**$ (15,212)**	**$ 713,120**	**$ 48,902**	**$ 5,480,871**	**$ 435,123**	**$ -**	**$ 10,020,668**

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Budgetary Resources										
Unobligated Balance, Net, Brought Forward, October 1	$ 425,253	$ 889,186	$ 86,260	$ 576,626	$ 81,045	$ 598,130	$ 29,936	$ 474,852	$ 116,558	$ 3,277,846
Recoveries of Prior Year Unpaid Obligations	25,543	234,005	61,589	149,514	57,325	137,091	52,475	17,498	9,916	744,956
Budget Authority:										
Appropriations Received	1,691,056	6,256,223	825,366	4,356,866	1,961,236	6,298,573	988,097	5,444,858	-	27,822,275
Spending Authority from Offsetting Collections										
Earned										
Collected	5,072	2,018,709	1,332,317	347,530	396,871	823,972	58,837	337,951	950,686	6,271,945
Change in Receivables from Federal Sources	5,538	3,498	(5,873)	(7,207)	(16,768)	(42,368)	(6,086)	(98)	21,192	(48,172)
Change in Unfilled Customer Orders										
Advance Received	-	(6,590)	(8,440)	9,300	282	601	-	(823)	6,017	347
Without Advance from Federal Sources	286	12,172	690	(1,058)	7,261	177,587	(14,706)	-	-	182,232
Subtotal Budget Authority	1,701,952	8,284,012	2,144,060	4,705,431	2,348,882	7,258,365	1,026,142	5,781,888	977,895	34,228,627
Nonexpenditure Transfers, Net, Anticipated and Actual	-	76,780	316,716	18,491	83,945	102,570	41,146	(4,956)	-	634,692
Temporarily not Available Pursuant to Public Law	(170,000)	7	-	(1,729,552)	-	-	-	-	-	(1,899,545)
Permanently not Available	-	(62,287)	-	(119,316)	-	(39,000)	-	-	-	(220,603)
Total Budgetary Resources	**$ 1,982,748**	**$ 9,421,703**	**$ 2,608,625**	**$ 3,601,194**	**$ 2,571,197**	**$ 8,057,156**	**$ 1,149,699**	**$ 6,269,282**	**$ 1,104,369**	**$ 36,765,973**
Status of Budgetary Resources										
Obligations Incurred										
Direct	$ 1,550,148	$ 6,364,381	$ 1,176,128	$ 2,571,955	$ 1,971,332	$ 6,016,024	$ 1,035,774	$ 5,964,109	$ -	$ 26,649,851
Reimbursable	3,722	2,157,997	1,331,057	379,171	383,480	913,482	40,818	31,811	939,192	6,180,730
Total Obligations Incurred (Note 21)	1,553,870	8,522,378	2,507,185	2,951,126	2,354,812	6,929,506	1,076,592	5,995,920	939,192	32,830,581
Unobligated Balance - Available										
Apportioned	396,962	668,885	70,189	597,286	186,108	850,918	53,657	167,147	-	2,991,152
Exempt from Apportionment	-	-	-	-	-	-	-	40,400	165,177	205,577
Total Unobligated Balance - Available	396,962	668,885	70,189	597,286	186,108	850,918	53,657	207,547	165,177	3,196,729
Unobligated Balance not Available	31,916	230,440	31,251	52,782	30,277	276,732	19,450	65,815	-	738,663
Total Status of Budgetary Resources	**$ 1,982,748**	**$ 9,421,703**	**$ 2,608,625**	**$ 3,601,194**	**$ 2,571,197**	**$ 8,057,156**	**$ 1,149,699**	**$ 6,269,282**	**$ 1,104,369**	**$ 36,765,973**

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance										
Obligated Balance, Net - Brought Forward, October 1										
Unpaid Obligations	$ 580,029	$ 3,513,694	$ 500,397	$ 4,279,018	$ 467,273	$ 1,426,936	$ 198,836	$ 761,034	$ 295,653	$ 12,022,870
Less: Uncollected Customer Payments from Federal Source	9,001	663,348	185,364	27,890	140,864	419,643	50,295	10,159	33,838	1,540,402
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	571,028	2,850,346	315,033	4,251,128	326,409	1,007,293	148,541	750,875	261,815	10,482,468
Obligations Incurred	1,553,870	8,522,378	2,507,185	2,951,126	2,354,812	6,929,506	1,076,592	5,995,920	939,192	32,830,581
Less: Gross Outlays	1,057,026	8,444,825	2,405,857	3,033,637	2,223,044	6,549,585	1,003,237	5,548,349	917,986	31,183,546
Less: Recoveries of Prior Year Unpaid Obligations, Actual	25,543	234,005	61,589	149,514	57,325	137,091	52,475	17,498	9,916	744,956
Change in Uncollected Customer Payments from Federal Sources	(5,824)	(15,670)	5,183	8,265	9,507	(135,219)	20,792	98	(21,192)	(134,060)
Obligated Balance, Net - End of Period										
Unpaid Obligations	1,051,329	3,357,243	540,136	4,046,993	541,717	1,669,766	219,716	1,191,107	306,943	12,924,950
Less: Uncollected Customer Payments from Federal Source	14,824	679,019	180,181	19,625	131,358	554,862	29,503	10,061	55,030	1,674,463
Total Unpaid Obligated Balance, Net - End of Period	$ 1,036,505	$ 2,678,224	$ 359,955	$ 4,027,368	$ 410,359	$ 1,114,904	$ 190,213	$ 1,181,046	$ 251,913	$ 11,250,487
Outlays										
Gross Outlays	$ 1,057,026	$ 8,444,825	$ 2,405,857	$ 3,033,637	$ 2,223,044	$ 6,549,585	$ 1,003,237	$ 5,548,349	$ 917,986	$ 31,183,546
Less: Offsetting Collections	5,072	2,012,119	1,323,877	356,829	397,152	824,573	58,837	337,128	956,703	6,272,290
Less: Distributed Offsetting Receipts (Note 21)	111,426	936,968	1,851	17	205,474	17,221	(616)	(2,523)	-	1,269,818
Total Net Outlays (Note 21)	**$ 940,528**	**$ 5,495,738**	**$ 1,080,129**	**$ 2,676,791**	**$ 1,620,418**	**$ 5,707,791**	**$ 945,016**	**$ 5,213,744**	**$ (38,717)**	**$ 23,641,438**

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Budgetary Resources										
Unobligated Balance, Net, Brought Forward, October 1	$ 278,978	$ 793,001	$ 82,992	$ 683,734	$ 91,767	$ 452,437	$ 18,246	$ 533,142	$ 176,736	$ 3,111,033
Recoveries of Prior Year Unpaid Obligations	24,808	227,845	37,470	104,759	56,838	149,372	63,457	10,659	-	675,208
Budget Authority:										
Appropriations Received	1,273,744	6,011,628	811,915	3,923,599	1,859,091	5,897,045	947,613	4,993,761	-	25,718,396
Spending Authority from Offsetting Collections:										
Earned										
Collected	8,134	1,819,013	1,257,488	414,085	350,150	695,849	31,517	334,616	729,332	5,640,184
Change in Receivables from Federal Sources	338	156,244	(5,518)	2,863	16,317	23,132	17,674	(12,332)	(13,927)	184,791
Change in Unfilled Customer Orders										
Advance Received	-	29,998	4,745	(96,596)	1	15,151	-	(955)	75,215	27,559
Without Advance from Federal Sources	930	(14,592)	3,799	2,535	19,840	112,547	1,536	-	-	126,595
Subtotal Budget Authority	1,283,146	8,002,291	2,072,429	4,246,486	2,245,399	6,743,724	998,340	5,315,090	790,620	31,697,525
Nonexpenditure Transfers, Net, Anticipated and Actual	-	169,832	292,349	(48)	(12,871)	(78,727)	(3,469)	(3,744)	-	363,322
Temporarily not Available Pursuant to Public Law	(102,274)	-	-	(1,333,458)	18,698	-	-	-	-	(1,417,034)
Permanently not Available	-	(176,439)	(10,242)	(144,484)	(21,540)	(98,646)	(11,796)	(63,837)	-	(526,984)
Total Budgetary Resources (Note 23)	**$ 1,484,658**	**$ 9,016,530**	**$ 2,474,998**	**$ 3,556,989**	**$ 2,378,291**	**$ 7,168,160**	**$ 1,064,778**	**$ 5,791,310**	**$ 967,356**	**$ 33,903,070**
Status of Budgetary Resources										
Obligations Incurred										
Direct	$ 1,057,924	$ 5,865,098	$ 1,127,153	$ 2,601,143	$ 1,912,626	$ 5,744,303	$ 978,085	$ 5,282,516	$ -	$ 24,568,848
Reimbursable	1,481	2,262,246	1,261,585	379,220	384,620	825,727	56,757	33,942	850,798	6,056,376
Total Obligations Incurred (Note 21)	1,059,405	8,127,344	2,388,738	2,980,363	2,297,246	6,570,030	1,034,842	5,316,458	850,798	30,625,224
Unobligated Balance - Available:										
Apportioned	28,152	574,058	68,039	574,048	66,579	468,003	17,645	386,014	-	2,182,538
Exempt from Apportionment	-	-	-	-	-	-	-	36,223	116,558	152,781
Total Unobligated Balance - Available	28,152	574,058	68,039	574,048	66,579	468,003	17,645	422,237	116,558	2,335,319
Unobligated Balance not Available	397,101	315,128	18,221	2,578	14,466	130,127	12,291	52,615	-	942,527
Total Status of Budgetary Resources	**$ 1,484,658**	**$ 9,016,530**	**$ 2,474,998**	**$ 3,556,989**	**$ 2,378,291**	**$ 7,168,160**	**$ 1,064,778**	**$ 5,791,310**	**$ 967,356**	**$ 33,903,070**

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance										
Obligated Balance, Net - Brought Forward, October 1										
Unpaid Obligations	$ 174,645	$ 3,422,644	$ 447,846	$ 4,943,260	$ 509,807	$ 1,402,110	$ 201,268	$ 884,102	$ 205,021	$ 12,190,703
Less: Uncollected Customer Payments from Federal Sources	7,733	521,698	187,083	22,492	104,708	283,964	31,086	22,491	47,765	1,229,020
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	166,912	2,900,946	260,763	4,920,768	405,099	1,118,146	170,182	861,611	157,256	10,961,683
Obligations Incurred	1,059,405	8,127,344	2,388,738	2,980,363	2,297,246	6,570,030	1,034,842	5,316,458	850,798	30,625,224
Less: Gross Outlays	629,213	7,808,447	2,298,717	3,539,846	2,282,941	6,395,832	973,816	5,428,867	760,166	30,117,845
Less: Recoveries of Prior Year Unpaid Obligations, Actual	24,808	227,845	37,470	104,759	56,838	149,372	63,457	10,659	-	675,208
Change in Uncollected Customer Payments from Federal Sources	(1,268)	(141,652)	1,719	(5,398)	(36,157)	(135,679)	(19,210)	12,332	13,927	(311,386)
Obligated Balance, Net - End of Period:										
Unpaid Obligations	580,029	3,513,694	500,397	4,279,018	467,273	1,426,936	198,836	761,034	295,653	12,022,870
Less: Uncollected Customer Payments from Federal Sources	9,001	663,348	185,364	27,890	140,864	419,643	50,295	10,159	33,838	1,540,402
Total Unpaid Obligated Balance, Net - End of Period	$ 571,028	$ 2,850,346	$ 315,033	$ 4,251,128	$ 326,409	$ 1,007,293	$ 148,541	$ 750,875	$ 261,815	$ 10,482,468
Outlays										
Gross Outlays	$ 629,213	$ 7,808,447	$ 2,298,717	$ 3,539,846	$ 2,282,941	$ 6,395,832	$ 973,816	$ 5,428,867	$ 760,166	$ 30,117,845
Less: Offsetting Collections	8,134	1,849,011	1,262,233	317,488	350,152	711,000	31,517	333,661	804,548	5,667,744
Less: Distributed Offsetting Receipts (Note 21)	60,350	564,313	(4,636)	397	149,829	15,676	1,338	(929)	-	786,338
Total Net Outlays (Note 21)	**$ 560,729**	**$ 5,395,123**	**$ 1,041,120**	**$ 3,221,961**	**$ 1,782,960**	**$ 5,669,156**	**$ 940,961**	**$ 5,096,135**	**$ (44,382)**	**$ 23,663,763**

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2007

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity										
Sources of Cash Collections										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ -	$ 3,053,827	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,053,827**
Fees and Licenses	-	-	-	-	15,000	-	10,551	-	-	25,551
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	7,958	-	22	-	-	7,980
Fines, Penalties and Restitution Payments - Criminal	-	17,353	-	-	-	-	56	-	-	17,409
Miscellaneous	-	4,114	-	-	-	-	1,005	-	-	5,119
Total Cash Collections	**$ -**	**$ 3,075,294**	**$ -**	**$ -**	**$ 22,958**	**$ -**	**$ 11,634**	**$ -**	**$ -**	**$ 3,109,886**
Accrual Adjustments	-	19	-	-	(379)	-	(52)	-	-	(412)
Total Custodial Revenue	**$ -**	**$ 3,075,313**	**$ -**	**$ -**	**$ 22,579**	**$ -**	**$ 11,582**	**$ -**	**$ -**	**$ 3,109,474**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	-	(99,035)	-	-	-	-	-	-	-	(99,035)
U.S. Department of Commerce	-	(5,447)	-	-	-	-	-	-	-	(5,447)
U.S. Department of the Interior	-	(121,901)	-	-	-	-	-	-	-	(121,901)
U.S. Department of Justice	-	(202,300)	-	-	-	-	-	-	-	(202,300)
U.S. Department of Labor	-	(6,779)	-	-	-	-	-	-	-	(6,779)
Pension Benefit Guaranty Fund		(816)								(816)
U.S. Postal Service	-	(17,185)	-	-	-	-	-	-	-	(17,185)
U.S. Department of State	-	(500)	-	-	-	-	-	-	-	(500)
U.S. Department of the Treasury	-	(283,709)	-	-	(22,958)	-	(11,365)	-	-	(318,032)
Office of Personnel Management	-	(110,594)	-	-	-	-	-	-	-	(110,594)
National Credit Union Administration	-	(977)	-	-	-	-	-	-	-	(977)
Federal Communications Commission	-	(491)	-	-	-	-	-	-	-	(491)
Social Security Administration	-	(544)	-	-	-	-	-	-	-	(544)
Smithsonian Institution	-	(34)	-	-	-	-	-	-	-	(34)
U.S. Department of Veterans Affairs	-	(10,931)	-	-	-	-	-	-	-	(10,931)
General Services Administration	-	(83,435)	-	-	-	-	-	-	-	(83,435)
National Science Foundation	-	(860)	-	-	-	-	-	-	-	(860)
Federal Deposit Insurance Corporation	-	(435)	-	-	-	-	-	-	-	(435)
Railroad Retirement Board	-	(294)	-	-	-	-	-	-	-	(294)
Environmental Protection Agency	-	(310,136)	-	-	-	-	-	-	-	(310,136)
U.S. Department of Transportation	-	(14,365)	-	-	-	-	-	-	-	(14,365)
U.S. Department of Homeland Security	-	(29,879)	-	-	-	-	-	-	-	(29,879)
Agency for International Development	-	(396)	-	-	-	-	-	-	-	(396)
Small Business Administration	-	(12,456)	-	-	-	-	-	-	-	(12,456)
U.S. Department of Health and Human Services	-	(718,437)	-	-	-	-	-	-	-	(718,437)
National Aeronautics and Space Administration	-	(268)	-	-	-	-	-	-	-	(268)
Export-Import Bank of the United States	-	(1,142)	-	-	-	-	-	-	-	(1,142)
U.S. Department of Housing and Urban Development	-	(5,513)	-	-	-	-	-	-	-	(5,513)
U.S. Department of Energy	-	(2,023)	-	-	-	-	-	-	-	(2,023)
U.S. Department of Education	-	(17,184)	-	-	-	-	-	-	-	(17,184)
Independent Agencies	-	(22,662)	-	-	-	-	-	-	-	(22,662)
U.S. Department of Defense	-	(53,495)	-	-	-	-	-	-	-	(53,495)
Transferred to the Public	-	(202,688)	-	-	-	-	-	-	-	(202,688)
(Increase)/Decrease in Amounts Yet to be Transferred	-	(679,599)	-	-	379	-	-	-	-	(679,220)
Refunds and Other Payments	-	(1,576)	-	-	-	-	(217)	-	-	(1,793)
Retained by the Reporting Entity	-	(57,227)	-	-	-	-	-	-	-	(57,227)
Net Custodial Activity	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity										
Sources of Cash Collections										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	$ -	$ 3,669,303	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,669,303**
Fees and Licenses	-	-	-	-	15,000	-	9,369	-	-	24,369
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	4,685	-	27	-	-	4,712
Fines, Penalties and Restitution Payments - Criminal	-	414,119	-	-	-	-	27	-	-	414,146
Miscellaneous	-	4,708	-	-	-	-	258	-	-	4,966
Total Cash Collections	**$ -**	**$ 4,088,130**	**$ -**	**$ -**	**$ 19,685**	**$ -**	**$ 9,681**	**$ -**	**$ -**	**$ 4,117,496**
Accrual Adjustments	-	(153)	-	-	(542)	-	73	-	-	(622)
Total Custodial Revenue	**$ -**	**$ 4,087,977**	**$ -**	**$ -**	**$ 19,143**	**$ -**	**$ 9,754**	**$ -**	**$ -**	**$ 4,116,874**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	-	(93,822)	-	-	-	-	-	-	-	(93,822)
U.S. Department of Commerce	-	(22,760)	-	-	-	-	-	-	-	(22,760)
U.S. Department of the Interior	-	(36,587)	-	-	-	-	-	-	-	(36,587)
U.S. Department of Justice	-	(490,669)	-	-	-	-	-	-	-	(490,669)
U.S. Department of Labor	-	(1,420)	-	-	-	-	-	-	-	(1,420)
U.S. Postal Service	-	(29,354)	-	-	-	-	-	-	-	(29,354)
U.S. Department of State	-	(80)	-	-	-	-	-	-	-	(80)
U.S. Department of the Treasury	-	(270,265)	-	-	(19,685)	-	(9,408)	-	-	(299,358)
Office of Personnel Management	-	(58,477)	-	-	-	-	-	-	-	(58,477)
Federal Communications Commission	-	(103,417)	-	-	-	-	-	-	-	(103,417)
Social Security Administration	-	(801)	-	-	-	-	-	-	-	(801)
U.S. Department of Veterans Affairs	-	(10,587)	-	-	-	-	-	-	-	(10,587)
General Services Administration	-	(16,969)	-	-	-	-	-	-	-	(16,969)
Federal Deposit Insurance Corporation	-	(2,011)	-	-	-	-	-	-	-	(2,011)
Environmental Protection Agency	-	(221,558)	-	-	-	-	-	-	-	(221,558)
U.S. Department of Transportation	-	(15,087)	-	-	-	-	-	-	-	(15,087)
U.S. Department of Homeland Security	-	(14,512)	-	-	-	-	-	-	-	(14,512)
Agency for International Development	-	(7,162)	-	-	-	-	-	-	-	(7,162)
Small Business Administration	-	(10,577)	-	-	-	-	-	-	-	(10,577)
U.S. Department of Health and Human Services	-	(1,248,381)	-	-	-	-	-	-	-	(1,248,381)
National Aeronautics and Space Administration	-	(117,684)	-	-	-	-	-	-	-	(117,684)
U.S. Department of Housing and Urban Development	-	(39,578)	-	-	-	-	-	-	-	(39,578)
U.S. Department of Energy	-	(9,846)	-	-	-	-	-	-	-	(9,846)
U.S. Department of Education	-	(15,849)	-	-	-	-	-	-	-	(15,849)
Independent Agencies	-	(34,550)	-	-	-	-	-	-	-	(34,550)
U.S. Department of Defense	-	(592,735)	-	-	-	-	-	-	-	(592,735)
Transferred to the Public	-	(999,628)	-	-	-	-	-	-	-	(999,628)
(Increase)/Decrease in Amounts Yet to be Transferred	-	484,276	-	-	542	-	-	-	-	484,818
Refunds and Other Payments	-	(461)	-	-	-	-	(346)	-	-	(807)
Retained by the Reporting Entity	-	(107,426)	-	-	-	-	-	-	-	(107,426)
Net Custodial Activity	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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Required Supplementary Stewardship Information
Unaudited

See Independent Auditors' Report on Financial Statements

U.S. Department of Justice
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For the Fiscal Years Ended September 30, 2007, 2006, 2005, 2004 and 2003

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

VOI/TIS funds are available for the following purposes:

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

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

VOI/TIS funds expended from FY 2003 through FY 2007 are as follows:

Dollars in thousands	2007	2006	2005	2004	2003
Cooperative Agreement Program Administered by USMS	$2,839	$2,521	$ 3,605	$ 10,961	$ 10,780
Discretionary Grants to Indian Tribes	11,334	4,007	16,723	47,881	37,260
Formula Grants to States	188,171	222,650	249,892	311,717	182,924
Total	$202,344	$229,178	$ 270,220	$ 370,559	$ 230,964

Section IV Management Section

Overview

The President's Management Agenda (PMA) contains five government-wide goals, and two initiatives specific to the Department of Justice, that envision a results-oriented, citizen-centered government that allows for improving performance and overall effectiveness. The Department recognizes the importance of good management and the efficient and economic delivery of desired results. Therefore, we are committed to effective and efficient operations with maximum accountability in all areas. The first report that follows outlines the progress we have made throughout FY 2007 in implementing the strategies of the PMA.

In FY 2002, in an effort to support the President's budget and performance management initiative under the PMA, the OMB developed the Performance Assessment Rating Tool (PART) process. In FY 2007, the Department began its second round of PART assessments. The recommendations the Department has received over the initial five-year cycle are being used to inform annual budget and administrative decisions. This section provides an overview of the progress the Department is making with the PART process and an update on the development of efficiency measures.

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

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PMA The President's Management Agenda

This section outlines the five overarching criteria of the PMA and two additional initiatives to strengthen and improve Department of Justice performance. The following information provides the Department's status of achieving each goal and initiative and highlights the progress made in implementing the PMA throughout FY 2007 against the criteria. Overall, the Department has made significant progress in achieving the PMA goals and initiatives.

PMA 1. Strategic Management of Human Capital

Overall Status as of 9/30/07: Green

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

Criteria	FY 2007 Progress
• Implemented a comprehensive Human Capital Plan, that is fully integrated with the agency's overall strategic plan, analyzes the results relative to the plan, and uses them in decision making processes to drive continuous improvement;	• The new *2007-2012 Department of Justice Human Capital Strategic Plan* was released in FY 2007. It reflects collaboration between DOJ senior leaders, Component Human Resources Directors, senior members of the Justice Management Division Personnel Staff, and other DOJ human capital partners. All DOJ employees were offered an opportunity to provide input to yield a living document that will be used to guide the Department's human capital efforts over the next five years.
• Analyzed existing organizational structures from service and cost perspectives and is implementing a plan to optimize them using redeployment, restructuring, competitive sourcing, and E-Gov solutions and delayering, as necessary; and has process(es) in place to address future changes in business needs;	• DOJ components continue to implement activities that improve organizational efficiency through delayering, increasing spans of control, and redeploying resources. During FY 2007, the following five components utilized Voluntary Separation Incentive Payment authority (VSIP) and/or Voluntary Early Retirement Authority (VERA) to assist with their restructuring efforts: - Civil Rights Division - Criminal Division - Executive Office for Immigration Review - Executive Office of the U.S. Attorneys - Justice Management Division
• Succession strategies, including structured executive development programs, result in a leadership talent pool and agency meets its targets for closing leadership competency gaps;	• Throughout FY 2007, DOJ components continued to implement training courses designed to increase the Department's leadership "bench strength". DOJ has developed and submitted an updated Succession Plan to OPM identifying areas in need of attention. Departmental efforts have laid the foundation for upcoming workforce planning initiatives. To ensure component collaboration, a Workforce Planning Community was chartered. • Succession efforts included DOJ's launch of its inaugural class of the Leadership Excellence and Achievement Program (LEAP). This one-year mid-level development program is designed to enhance participants' knowledge, management and leadership skills. Thirty-three

Criteria	FY 2007 Progress
	participants were selected for the program.
• Demonstrates that it has fair, credible, and transparent performance appraisal plans and awards programs for all SES and managers, and more than 60% of the workforce, that adhere to merit system principles (efficient, effective, and compliant); hold supervisors accountable for the performance management of subordinates as reflected in their performance plans and ratings; include employee involvement and feedback; and result in employee ratings that differentiate between various levels of performance and employees getting higher cash awards and/or recognition that those they outperform. The agency is working to include all agency employees under such systems;	• Each Federal agency was directed by OPM to select a test site (i.e., Beta Site) performance system in which to apply OPM's Performance Appraisal Assessment Tool (PAAT). DOJ implemented a beta site at Antitrust Division (ATR) in 2006. During FY 2007, the beta site was expanded to include the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). ATR and ATF completed their performance management cycles and will review findings and update the PAAT in FY 2008. DOJ has worked with all components to improve PAAT scores in FY 2008 by sharing best practices and improvement strategies.
• Reduced under-representation, particularly in mission-critical occupations and leadership ranks; established processes to sustain diversity;	• DOJ continues to work with Minority Serving Institutions to develop a talented and diverse Justice workforce. • DOJ's presence at conferences and career fairs hosted by Historically Black Colleges and Universities and Hispanic Association of Colleges and Universities provide an open access to under-represented groups who have the competencies necessary for DOJ mission-critical occupations. One such program is the FBI Collegiate Marketing and Recruitment Program in partnership with the EdVentures Program. This program allows the FBI to work with potential applicants to develop an attractive recruitment plan. • DOJ LEAP provides a mechanism to ensure that adequate representation exists in our potential leadership candidate pool. Forty-eight percent of the inaugural class is minority and 72% is female. Components continue to share best practices to enhance diversity initiatives.
• Meets targets for closing competency gaps in mission critical occupations, and integrates appropriate competitive sourcing and E-Gov solutions into gap closure strategy;	• Through ongoing competency assessment efforts, DOJ has identified remaining gaps in mission-critical competencies and developed ongoing strategies to mitigate the risk associated with those gaps. Gap reduction strategies, including training on mission-critical competencies, are underway within several impacted components. • Funding was approved for FY 2008 and out-years allowing DOJ to expand e-learning capabilities as a strategy to close competencies.
• Is on track to meet its planned aggressive hiring timeline goals and hiring process improvements;	• DOJ has consistently met hiring timeline goals each quarter through ongoing aggressive recruitment and hiring strategies. Also, the Department consistently uses process re-engineering to improve the hiring process.
• Periodically conducts accountability reviews with OPM participation, taking corrective action based on findings, results, and providing annual reporting to agency leadership and OPM for review and approval.	• Pursuant to the Chief Human Capital Officers Act of 2002, the Department of Justice submitted its Annual Accountability Report to OPM in December 2006. The Department implemented a *Human Capital Accountability Interim Policy and Plan* in the First Quarter of FY 2007. Using a clear methodology, DOJ has conducted comprehensive audits of human capital programs and functions at five components and provided oversight of component-lead audits at more than 50 locations. The Department continues to work with components to ensure corrective actions are taken in a timely manner.

PMA 2. Competitive Sourcing

Overall Status as of 9/30/07: Green

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

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

Criteria	FY 2007 Progress
• Has an OMB approved "green" competition plan to compete commercial activities available for competition;	• In compliance with the approved DOJ Green Plan, DEA, ATF, and USMS completed their A-76 streamlined competitions and JMD completed a standard competition.
• Publicly announces standard competitions in accordance with the schedule outlined in the agency "green" competition plan;	• The standard competition completed in this fiscal year was announced in accordance with the green plan in • FY 2006.
• Since January 2001, has completed at least 10 competitions (no minimum number of positions required per competition) or has completed a sufficient number of large competitions to demonstrate meaningful use of competitive sourcing;	• The Department has completed 3 standard competitions and 12 streamlined competitions.
• In the past four fiscal quarters, completed 90% of all standard competitions in a 12-month timeframe or timeframe otherwise approved in accordance with the Circular;	• The Department completed the standard competition in FY 2007 on schedule.
• In the past four fiscal quarters, completed 95% of all streamlined competitions in a 90-day timeframe or timeframe otherwise approved in accordance with the Circular;	• 100% of the FY 2007 streamlined competitions were completed within the 90 day timeframe.
• In the past year, canceled fewer than 10% of publicly announced standard and streamlined competitions;	• No competition cancellations occurred in FY 2007.
• Has OMB reviewed written justifications for categories of commercial activities determined to be unsuitable for competition;	• All justifications were submitted to OMB for review.
• Structures competitions in a manner to encourage participation by both private and public sectors as typically demonstrated by receipt of multiple offers and/or by documented market research, as appropriate;	• All competed activities were structured to encourage competition.
• Regularly reviews work performed once competitive sourcing studies are implemented to determine if performance standards in contract or agreement with agency provider are met and takes corrective action when provided services are deficient.	• The Department component managers review and monitor performance as appropriate.

PMA 3. Improved Financial Performance

Overall Status as of 9/30/07: Red

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

Criteria	FY 2007 Progress
• Receives an unqualified audit opinion on its annual financial statements;	• The Department expects to receive an unqualified opinion on its FY 2007 consolidated financial statements. All nine of the Department's components that produced financial statements expect to receive unqualified opinions as well.
• Meets financial statement reporting deadlines;	• The Department met OMB's November 15th due date for submission of consolidated financial statements. For FY 2007, the Department continued to emphasize the importance of meeting year-end requirements including key dates for the FY 2007 audit and critical deadlines for submission of financial data to the OMB and the Department of the Treasury. On August 20th, the Department revised and reissued the annual Financial Statement Requirements Guide (Guide). The Guide includes a Department-wide timeline of critical dates for preparation of the FY 2007 financial statements. Other significant factors includes quarterly financial statement preparation, quarterly confirmations of intra-Departmental business activity and preparation of draft bureau Performance and Accountability Reports including the Management Discussion's and Analysis was circulated for comment on May 9, 2007.
• Reports in its audited annual financial statements that its systems are in compliance with the Federal Financial Management Improvement Act (FFMIA);	• The Department was able to implement corrective actions to resolve previously reported Section 4 systems non-conformances. Long standing material weaknesses in Departmental information technology systems have been downgraded or eliminated. There are remaining challenges with several components in the areas of Federal accounting standards, such as accounts payable, and transaction level detail. Not withstanding these isolated component specific instances, the Department is able to report substantial compliance with FFMIA at the consolidated level. In addition, efforts continue to implement a Department-wide unified financial management system.
• Has no chronic or significant Anti-Deficiency Act Violations;	• The Department has no Anti-Deficiency Act violations of any kind, nor are any foreseen. Through careful oversight by Departmental management, funds continued to be obligated and disbursed in compliance with appropriations law.
• Has no material auditor-reported internal control weaknesses;	• The Department does not expect its auditors to report any material weaknesses. In addition, the Department has corrective action plans in place to remediate significant deficiency findings.
• Has no material non-compliance with laws or regulations;	• The Department does not expect any material non-compliances with laws and regulations to be reported.

Criteria	FY 2007 Progress
	The Department has no programs that are susceptible to improper payments exceeding both 2.5% of program payments and $10 million. The goal of the Department's recovery audit program is to identify and collect improper payments in a timely manner. The Department continues to comply with Prompt Payment regulations. Notably, the Department's commitment in the overall disbursement management process remains strong.
• Has no material weaknesses or non-conformances reported under Section 2 and Section 4 of the Federal Managers' Financial Integrity Act that impact the agency's internal control over financial reporting or financial systems;	• During FY 2007, the Department continued to perform rigorous oversight to ensure that targeted corrective actions plans are in place and milestones are met; to further improve data integrity; to enhance financial management performance through improved accounting and financial reporting procedures; and to sustain the reduction of weaknesses in general controls over information systems supporting financial processes.
• Is implementing a single accounting system agency-wide;	• Progress in FY 2007 regarding the Department's implementation of its Unified Financial Management System included: delivering a fully tested and government accepted Foundation Build 1.0 which includes core financial management and procurement software modules; completing planning activities at Asset Forfeiture Program (AFP) and Drug Enforcement Administration (DEA). Both components have been transitioned into a full implementation phase. The AFP pilot is scheduled to go-live in November 2007 and DEA is scheduled to go live in October 2008. Additionally, implementation planning activities at the Federal Bureau of Investigation (FBI) are scheduled to begin in December 2007.
• Currently produces accurate and timely financial information that is used by management to inform decision-making and drive results in key areas of operations;	• The Department continues to produce and enhance its reporting methodology on certain key information. This key information facilitates decision-making, meets management goals, and drives results. The Department's components will continue to perform self-assessments of their current business processes to drive results in key areas of operations.
• Is implementing a plan to continuously expand the scope of its routine data use to inform management decision-making in additional areas of operations.	• The Department continues to refine its financial and performance reporting, training materials on systems operations, and financial management activities to inform management decision-making and strengthen business practices. With the use of ad-hoc reporting and other reporting tools, the Department is able to track and measure financial and performance data to determine potential risk areas and manage financial challenges. Each of the Department's components will continue to monitor its use of routine data in areas of operations to facilitate management decision-making.

PMA 4. Expanding E-Government

Overall Status as of 9/30/07: Yellow

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

Criteria	FY 2007 Progress
• Has an Enterprise Architecture linked to the Federal Enterprise Architecture (FEA) with a score of "3" in both the "Completion" and "Use" sections OR at least "3" in the "Results section.	DOJ achieved higher than the required scores in the "Completion" and "Use" sections, to remain Green according to the FEA enterprise architecture assessment performed in March 2007. DOJ's enterprise architecture is linked to the federal enterprise architecture.
• Has acceptable business cases for all major systems investments;	In FY 2007, DOJ submitted acceptable business cases for all major systems investments. The business cases were rated "Green" since Quarter 1 FY 2007.
• Has demonstrated appropriate planning, execution, and management of major IT investments using Earned Value Management (EVM) or operational analysis, and has portfolio performance within 10% of cost, schedule, and performance goals;	All major DOJ IT developmental projects have been validated for compliance with the ANSI/EIA-748A Earned Value Management (EVM) standard. Currently, the DOJ portfolio is performing within 10% of cost, schedule, and performance goals.
• Inspector General verifies the effectiveness of the Department-wide IT Security Remediation Process and rates the agency certification and accreditation process as "Satisfactory" or better;	In the Department's FY 2007 Federal Information Security Management Act (FISMA) Report, the Inspector General (IG) found that the Department has an "excellent" certification and accreditation process that includes adherence to Federal Information Processing Standards (FIPS) and National Institute of Standards Technology (NIST) standards. The IG's assessment reflects the opinion of experienced auditors who have performed IT security control reviews throughout the government and private sector.
• Has 90% of all IT systems properly secured (certified, and accredited);	As reported in the Department's FY 2007 FISMA Report, the Department Chief Information Officer has ensured that 100% of all Department systems are certified and accredited. Known IT security weaknesses associated with IT systems are tracked and managed through plans of actions and milestones to ensure weaknesses are addressed in a timely manner and receive appropriate resources.
• Has implemented all of the appropriate E-Gov/Lines of Business/SmartBuy initiatives and has transitioned and/or shut down investments duplicating these initiatives in accordance with the OMB-approved implementation plan.	The Department continues to implement E-Gov/Lines of Business/SmartBUY initiatives in accordance with the approved E-Gov plan submitted to OMB during the fourth quarter of FY 2006.

PMA 5. Performance Improvement Initiative

Overall Status as of 9/30/07: Green

Beginning with the FY 2004 budget submission, the Administration began formally integrating a review of performance with budget decisions, seeking to improve the performance and management of the federal government. This initiative seeks to link program performance to budget decisions and improve tracking and management. It is expected that agencies will be able to identify effective outcome measures, monitor their progress, and accurately present the associated costs. In July 2007, the Budget and Performance Integration Initiative was renamed the Performance Improvement Initiative (PII) to reflect the focus of improving program performance on behalf of the American people.

Criteria	FY 2007 Progress
• Senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers all major responsibilities of the Department. Agency achieves planned improvements in program performance and efficiency in achieving results;	• The Department-wide Quarterly Status Reporting (QSR) process, that requires all components to provide financial and performance information, has been institutionalized. Component meetings took place on a quarterly basis with the Assistant Attorney General for Administration. The outcomes of the meetings are shared with the Attorney General, via memorandum. The results of all quarterly reviews are used to guide Departmental decision making and inform leadership when corrective actions may be necessary.
• Strategic plans contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART and focus on the information used in the senior management report described in the first criterion;	• The new Department Strategic Plan 2007-2012 was published in April of 2007. The Strategic Plan contains a new three-goal structure that includes specific long-term measurable outcome goals in key priority areas. In addition, the Department's budget submissions, as well as QSR documents, include all the performance measures identified as a result of the OMB PART process.
• Demonstrates that it has fair, credible, and transparent performance appraisal plans and awards programs for all SES and managers, and more than 60% of the workforce, that adhere to merit system principles (efficient, effective, and compliant); hold supervisors accountable for the performance management of subordinates as reflected in their performance plans and ratings; include employee involvement and feedback; and result in employee ratings that differentiate between various levels of performance and employees getting higher cash awards and/or recognition than those they outperform. The agency is working to include all agency employees under such systems;	• The link between the Human Capital PMA scorecard and the Budget and Performance Integration scorecard was eliminated in FY 2006.
• Reports the full cost of achieving performance goals accurately in budget and performance documents and can accurately estimate the marginal cost of changing performance goals;	• The Department's budget and performance documents report the full and marginal cost of achieving performance goals.
• Has at least one efficiency measure for all PARTed programs;	• The Department has OMB-approved efficiency measures for 35 programs assessed by the PART. In addition, an efficiency measure has been established for a program scheduled to undergo PART in 2012.
• Uses PART evaluations to direct program improvements, and PART ratings and performance information are used consistently to justify funding requests, management actions, and legislative proposals. Less than 10% of the agency programs	• The PART review results are used to improve our programs and aid in refinement of long-term measurable outcome goals, where appropriate. In FY 2007, PART follow-on actions were discussed on a quarterly basis during the QSR meetings with the leadership and the

Criteria	FY 2007 Progress
receive a Results Not Demonstrated rating for more than two years in a row.	components. Justice Management Division, Budget Staff continues to work with OMB and the components to assess if programs previously receiving an assessment of "results not demonstrated" (RND) should be reassessed. The Department is currently below the 10% of threshold for RNDs.

Faith-Based and Community Initiative

Overall Status as of 9/30/07: Green

President Bush's Management Agenda seeks to reform federal management and improve program performance through the development of a coordinated strategy. In addition to the five strategies outlined previously, the Department is also responsible for the Faith-Based and Community Initiative. Under this initiative, the Department of Justice, in addition to the Departments of Education, Health and Human Services, Housing and Urban Development, Labor, Agriculture, Commerce, Veterans Affairs, and Homeland Security, as well as the U.S. Agency for International Development, the Small Business Administration and the Corporation For National and Community Service, will work to identify and eliminate unwarranted regulatory barriers that exist in providing Faith-Based and Community-Based programs with access to federal programs. In addition, the Department is working to provide coordinated training and technical assistance to Faith-Based and Community-Based organizations interested in applying for grant funding.

Criteria	FY 2007 Progress
• Has implemented a comprehensive outreach and technical assistance strategy for enhancing opportunities of faith-based and community organizations (FBCO) to compete for federal funding, including working with state and local officials to expand access to federal funding awarded through them. This strategy employs all 7 best practices;	• The Department of Justice (DOJ) continues to provide technical assistance to Faith-Based and other Community Organizations (FBCOs) through a Task Force Web site, email notification service, tailored advice in person, and by telephone. DOJ conducted workshops on DOJ grant programs (discretionary and formula) at White House conferences in 5 cities.
• Provides and facilitates education on the equal treatment principles at the Federal, State and local levels, assists Federal programs within their purview in developing mechanisms for assessing compliance with appropriate regulations and in addressing violations once they are brought to the agency's attention, and works to enable State- and locally-administered programs to implement equal treatment principles using proven models for partnering with FBCOs. Employs all 9 best practices;	• Instructed state and local administrators on the Equal Treatment (ET) Regulations of DOJ formula and block grants at 5 White House conferences and 8 regional and national training conferences of DOJ's grant-making agencies; as well as program staff in Washington DC. During plenary addresses at all White House conferences, DOJ educates potential grantees about ET regulations. DOJ has adopted grant monitoring checklists for desk and field reviewers that include questions on compliance with ET regulations.
• Collects accurate and timely data on participation of FBCO and other applicants, including government entities, in selected federal non-formula grant programs.	• DOJ continues to collect accurate and timely data on discretionary program grantees. All data is prepared at the request of and submitted to the White House Office of Faith-Based and Community Initiatives (WHOFBCI).
• Implements pilot programs to strengthen the partnership between FBCO and the federal government to deliver services and inform implementation of the Initiative, and expands the use of pilots to test new strategies when appropriate;	• DOJ opened a "one-stop" Family Justice Center (FJC) for victims of domestic violence in New Orleans. DOJ has opened FJCs in 15 other cities. The 1-year Faith and Community Technical Support project empowers small grassroots organizations to expand their outreach to victims of domestic violence in 39 rural and isolated communities.
• Undertakes outcome-based evaluations of its pilot programs where FBCOs participate, provides quarterly progress reports and interim results to WHOFBCI throughout the life of the program, and builds an evaluation component into new pilots.	• All current DOJ pilots include an evaluation component, each typically the subject of separate competitive solicitation, and provides for progress reports quarterly. DOJ will build an evaluation component into future pilots.

Real Property Asset Management

Overall Status as of 9/30/07: GREEN

The federal government owns hundreds of billions of dollars in real property assets. President Bush's Management Agenda initiative for Real Property Asset Management seeks to right-size the federal inventory to ensure that the right number of assets are maintained in the right condition and at the right cost. The initiative seeks to establish a Senior Real Property Officer and a Real Property Council and reform the authorities for managing federal real property. These steps aim to establish an increased level of accountability within the Department and across the federal government.

Criteria	FY 2007 Progress
• Has a Senior Real Property Officer (SRPO) who actively serves on the Federal Real Property Council (FRPC);	• A DOJ Senior Real Property Officer was appointed.
• Established asset management performance measures, consistent with the published requirements of the Federal Real Property Council;	• DOJ Real Property Asset Management Performance Measures were established and approved by OMB.
• Completed and maintained a comprehensive inventory and profile of agency real property, consistent with the published requirements of the Federal Real Property Council;	• A complete and comprehensive inventory of real property assets was established by DOJ in accordance with the published requirements of the Federal Real Property Council.
• Provided timely and accurate information for inclusion into the government-wide real property inventory database;	• The DOJ 2006 Real Property inventory data was submitted to the government-wide real property inventory data base by the December 15, 2006 deadline.
• Developed an OMB-approved comprehensive asset management plan that: complies with guidance established by the FRPC; includes policies and methodologies for maintaining property holdings in an amount and type according to agency budget and mission; seeks to optimize level of real property operating, maintenance, and security costs;	• A DOJ Real Property Asset Management Plan was developed and approved by OMB.
• Established an OMB-approved three-year rolling timeline with date certain deadlines by which agency will address opportunities and determine its priorities as identified in the asset management plan;	• The Department developed, and OMB approved, a three year timeline document to continuously improve asset management.
• Demonstrated steps taken toward implementation of asset management plan as stated in yellow standards (including meeting established deadlines in three-year timeline, meeting prioritized management improvement actions, maintaining appropriate amount of holdings, and estimating and optimizing cost levels);	• Demonstrated evidence that steps taken toward implementation of the DOJ real property asset management plan was provided to OMB in third quarter of FY 2007 and subsequently approved by OMB.
• Accurate and current asset inventory information and asset maximization performance measures are used routinely in management decision-making (such as reducing the amount of unneeded and underused properties);	• Demonstrated evidence of accurate and current DOJ asset inventory information and performance measures are being used in management decision-making was provided to OMB in the third quarter of 2007 and subsequently was approved by OMB.
• The management of agency property assets is consistent with the agency's overall strategic plan, the agency asset management plan, and the performance measures established by the Federal Real Property Council as stated in the Federal Real Property Asset Management Executive Order.	• Demonstrated evidence that the management of DOJ property assets is consistent with the agency strategic plan was provided to OMB in the third quarter of 2007 and subsequently was approved by OMB.

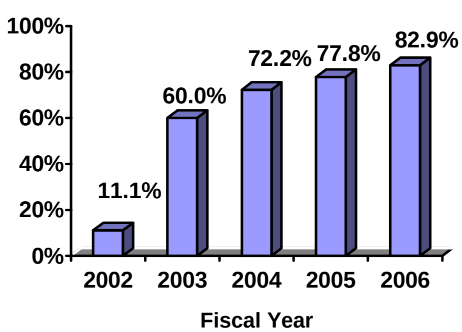
PART OMB's Program Assessment Rating Tool

In 2002, the OMB implemented an analytic assessment of federal programs through the use of the PART. This management tool examines and identifies the effectiveness of programs and helps inform management actions, budget requests, and legislative proposals. The PART also serves as a means to show improvements over time, as well as evaluate programs in these four areas: purpose and design, strategic planning, program management, and results and accountability.

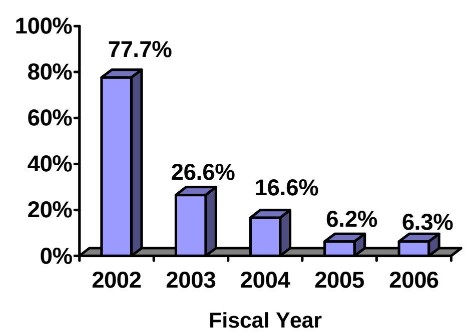
The Department uses the results of these assessments to continue its efforts of improving programs and processes and refining its long-term measurable performance goals. Throughout FY 2007, components reported the current status of follow-up actions stemming from the PART process through the Department's Quarterly Status Reporting (QSR) system. In addition to providing routine, reliable financial and performance information, the QSR provides the components a chance to engage leadership in a dialogue regarding the progress and status of PART follow-up actions. These actions demonstrate the Department's clear commitment to making programmatic improvements and holding managers accountable for the long-term outcomes of these assessments.

The Department continues to make improvements to its programs, which is reflected in the increase of average PART scores from 45 percent in FY 2002 to 73 percent in FY 2006. Similarly, respectable ratings of Adequate, Moderately Effective, and Effective have increased from 11.1 percent in FY 2002 to 82.9 percent in FY 2006. At the same time, ratings of "Results not Demonstrated (RND)" have declined from 77.7 percent in FY 2002 to 6.3 percent in FY 2006. The Department continues to make improvements to programs that received such scores and continue its efforts to limit ratings of RND in the future. Although no new programs were rated as RND in FY 2006, the calculation to determine the overall percentage of programs rated RND is based on the budget authority of PARTed programs; therefore, there was a slight increase compared to FY 2005 as resources shifted.

Percentage of PARTed Programs Rated Adequate or Higher (Cumulative Ratings)*



Percentage PARTed Programs Rated Results Not Demonstrated (Cumulative Ratings)*^



*The FY 2007 PART assessments have already taken place; however, OMB will not release the Department's final scores for these assessments until the issuance of the FY 2009 President's Budget in February 2008.
^The data for this chart are calculated using the Annual Budget authority (dollars) for each program rated RND divided by total Annual Budget authority for all PARTed programs for each individual fiscal year.

During FY 2007, the Department began the second five-year cycle of PART assessments (FY 2007-2011) with the review of four programs. Ratings for these four assessments will be discussed in the FY 2009 President's Budget. To date, OMB has assessed 39 of the Department's programs, six of which have been reassessed, representing 100 percent of the Department's non-administrative/enabling annual budget authority.

The PART assessments have led to the development of efficiency measures that track how programs make the best use of resources – time, effort, and money – and capture improvements in program outcomes for a specific level of resource usage. To date, the Department has developed 56 efficiency measures spanning across the Department's strategic goals.

The table shown below lists the programs assessed through the OMB PART process, as well as the component managing the program, the year the program was assessed, and its final rating.

Program	Component	Year Assessed	Final Rating
Community Oriented Policing Services	Community Oriented Policing Services	2002	Results Not Demonstrated
Drug Courts	Office of Justice Programs	2002	Results Not Demonstrated
Juvenile Accountability Block Grant	Office of Justice Programs	2002	Ineffective
Residential Substance Abuse Treatment	Office of Justice Programs	2002	Results Not Demonstrated
Firearms Programs – Integrated Violence	Alcohol, Tobacco, Firearms and Explosives	2003	Moderately Effective
Prison Operations	Bureau of Prisons	2003	Moderately Effective
Drug Enforcement Administration	Drug Enforcement Administration	2003	Adequate
Cybercrime	Federal Bureau of Investigation	2003	Adequate
White Collar Crime	Federal Bureau of Investigation	2003	Adequate
National Criminal History Improvement	Office of Justice Programs	2003	Moderately Effective
State Criminal Alien Assistance	Office of Justice Programs	2003	Results Not Demonstrated
Apprehension of Fugitives	U.S. Marshals Service	2003	Adequate
Protection of the Judicial Process	U.S. Marshals Service	2003	Adequate
Arson and Explosives	Alcohol, Tobacco, Firearms and Explosives	2004	Moderately Effective
United States Attorneys	Executive Office of U.S. Attorneys	2004	Adequate
Criminal Justice Services	Federal Bureau of Investigation	2004	Moderately Effective
Weed and Seed	Office of Justice Programs	2004	Adequate
General Legal Activities	Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, and Tax Divisions	2005	Effective
Prison Construction	Bureau of Prisons	2005	Adequate
Vaccine Injury Compensation	Civil Division	2005	Adequate
Counterintelligence	Federal Bureau of Investigation	2005	Moderately Effective
Counterterrorism	Federal Bureau of Investigation	2005	Adequate
Bureau of Justice Statistics	Office of Justice Programs	2005	Effective
Multipurpose Law Enforcement Grant	Office of Justice Programs	2005	Results Not Demonstrated
National Institute of Justice	Office of Justice Programs	2005	Adequate
United States Trustee	U.S. Trustee Program	2005	Effective
Radiation Exposure Compensation	Civil Division	2006	Adequate
Immigration Adjudication	Executive Office for Immigration Review	2006	Moderately Effective
Crime Victims' Programs	Office of Justice Programs	2006	Adequate
Criminal Enterprises	Federal Bureau of Investigation	2006	Moderately Effective
Intelligence	Federal Bureau of Investigation	2006	Adequate
Juvenile Justice	Office of Justice Programs	2006	Adequate
Federal Detention Activities	Office of the Federal Detention Trustee	2006	Effective
Violence Against Women Programs	Office on Violence Against Women	2006	Moderately Effective
Justice Prisoner and Alien Transportation System	U.S. Marshals Service	2006	Moderately Effective
United States Attorneys	Executive Office of U.S. Attorneys	2007	TBD*
Apprehension of Fugitives	U.S. Marshals Service	2007	TBD*
Firearms Programs – Integrated Violence	Alcohol, Tobacco, Firearms and Explosives	2007	TBD*
Prison Operations	Bureau of Prisons	2007	TBD*

*The FY 2007 PART assessments are complete; however, OMB will not release the Department's final scores for these assessments until the issuance of the FY 2009 President's Budget in February 2008.

OIG Top Management and Performance Challenges in the Department of Justice

MEMORANDUM FOR THE ACTING ATTORNEY GENERAL
THE ACTING DEPUTY ATTORNEY GENERAL

FROM: GLENN A. FINE
INSPECTOR GENERAL

SUBJECT: Top Management and Performance Challenges in the Department of Justice – 2007

Attached to this memorandum is the Office of the Inspector General's (OIG) 2007 list of top management and performance challenges facing the Department of Justice (Department). We have prepared similar lists since 1998, initially in response to Congressional requests. By statute, this list is now required to be included in the Department's annual Performance and Accountability Report.

As in past years, the challenges are not presented in order of priority – we believe that all are critical issues facing the Department. However, it is clear that the top challenge facing the Department continues to be its ongoing response to the threat of terrorism. Several other top challenges are closely related to and impact directly on the Department's counterterrorism efforts.

This year we have added to the list the challenge of restoring confidence in the Department and its operations. The Department has faced significant criticism of its actions and endured a great deal of turmoil during the past several months. We believe that this situation, coupled with numerous vacancies in senior positions, creates a challenge for the new Attorney General and the Department's leaders to reestablish public confidence in the Department.

We hope that this document assists Department managers in developing strategies to address the top management and performance challenges facing the Department. We look forward to continuing to work with the Department to address these important issues.

Attachment

1. Counterterrorism: A critical challenge facing the Department of Justice (Department) is its ongoing effort to detect and disrupt acts of terrorism. Six years after adopting counterterrorism as its highest priority, the Department continues to enhance its counterterrorism capabilities, but this challenge requires continual attention and improvement.

To assist in this process, the Office of the Inspector General (OIG) continues to review Department activities that relate to its counterterrorism challenge. While these reviews are finding that the Department in general and the Federal Bureau of Investigation (FBI) in particular are taking a series of positive steps, our reviews are also finding problems that illustrate the challenges the Department and the FBI face.

The FBI continues its transformation into a more proactive, intelligence-driven agency. One issue that we believe affects the FBI's efforts in making this transition is the frequent rotations and turnover within its senior management ranks. Understanding the organization, leadership, linkages, operational methodologies, strategies, and philosophies of various terrorist organizations, as well as forging relationships within the intelligence community, takes time to develop. As a result, frequent turnover in key positions can have detrimental consequences if not managed carefully.

The OIG continues to examine a variety of FBI programs that directly affect its counterterrorism mission. For example, since the September 11 attacks the FBI has led the effort to create the Terrorist Screening Center (TSC), a multi-agency organization created to consolidate information on domestic and international terrorists and provide 24-hour, 7-day-a-week responses for screening individuals against the consolidated terrorist watchlist. Prior to establishment of the TSC, the federal government relied on more than a dozen separate watchlists maintained by a variety of federal agencies to search for terrorist-related information about individuals who, for example, apply for a visa, attempt to enter the United States through a port of entry, or are stopped by a local law enforcement officer for a traffic violation.

A June 2005 OIG report found that the TSC had made significant strides in becoming the government's single point-of-contact for law enforcement authorities requesting assistance in identifying individuals with possible ties to terrorism by developing a consolidated terrorist watchlist database. However, our review found that the TSC had not ensured that the information in that database was complete and accurate. For example, we found instances where the consolidated database did not contain names that should have been included on the watchlist.

In September 2007, the OIG issued a follow-up audit which found that the TSC had enhanced its efforts to ensure the quality of terrorist watchlist data, had increased staff assigned to data quality management, and had developed a process and a separate office to address complaints filed by persons believing they were inaccurately included on the watchlist. However, our audit also found that the TSC's management of the watchlist continues to have weaknesses. For example, the TSC still relies on two versions of the watchlist database, and we identified several known or suspected terrorists who were not watchlisted appropriately. We also concluded that the TSC needs to further improve the accuracy of watchlist records. Although the TSC had increased its quality assurance efforts since our last review, it continues to lack important safeguards for ensuring data integrity.

In another area affecting the FBI's counterterrorism efforts, we found that the FBI has made progress in improving its hiring, training, utilization, and retention of intelligence analysts, although in some areas the progress had been slow and uneven. On the positive side, the FBI is using threat and risk-based criteria to determine the number of analysts needed, establishing hiring goals based on the projected need for additional analysts, assessing which tasks could be more efficiently performed by other support personnel, and developing succession and retention plans for analysts. However, improvement is needed in the time required to hire analysts. In addition, the FBI has struggled to design a satisfactory training program for its counterterrorism agents and analysts, and we found that many special agents still do not fully understand or appreciate the role of analysts.

A significant number of OIG reviews have found that the FBI's counterterrorism and intelligence-gathering efforts have been hampered because of outdated information technology (IT) systems. The FBI recently has made progress in improving its management of its IT upgrades (which we discuss under the challenge relating to IT systems implementation), but the FBI will not benefit from a fully functional case management system for at least two more years.

A critical part of this overall challenge is to ensure that the FBI pursues its counterterrorism responsibilities while adequately protecting civil liberties. A March 2007 OIG review identified serious failures of accountability in the FBI's misuse of national security letter (NSL) authorities (discussed in greater detail under the challenge related to civil rights and civil liberties). This OIG report found that the FBI did not provide adequate guidance, controls, or training on the use of sensitive NSL authorities, and the FBI's oversight of NSLs was inconsistent and insufficient.

To achieve success in its counterterrorism efforts while respecting civil liberties, the Department must maintain a strong focus on ensuring accountability in its activities. One important step the Department took this past year in the aftermath of the OIG's NSL report was assigning the National Security Division (NSD) oversight of various intelligence-related activities. The NSD also recently announced a reorganization that creates an "Office of Intelligence" to replace the Office of Intelligence Policy and Review. The NSD's challenge moving forward is to help instill throughout the Department a commitment to both effectiveness and accountability in all counterterrorism-related and intelligence-gathering operations.

The Department also must maintain accurate statistics measuring its counterterrorism activities. Congress and Department managers use terrorism-related statistics, for example, to make funding and operational decisions. In February 2007, we completed an audit of the Department's internal controls over terrorism reporting that examined whether Executive Office for U.S. Attorneys (EOUSA), Criminal Division, and FBI terrorism-related statistics were accurate.

Our audit found that 20 of the 26 statistics the OIG tested were significantly overstated or understated. The Department reported inaccurate statistics for a variety of reasons, including that Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported. The Department's collection and reporting of terrorism-related statistics was decentralized and haphazard. For many of the statistics, Department officials either had not established internal controls to ensure the statistics were accurately gathered, classified, and reported or did not document the internal controls used. In response to the audit, EOUSA, the Criminal Division, and the FBI agreed to implement internal controls to ensure that terrorism-related statistics are reported accurately in the future.

Compared with several years ago, we have seen substantially more involvement among various Department components in counterterrorism efforts and information sharing on counterterrorism issues. For example, in late 2006 the Federal Bureau of Prisons (BOP) created a Counterterrorism Unit to assist in the monitoring of federal prisoners believed to have links to terrorist organizations or activities. In addition, the Drug Enforcement Administration's (DEA) Office of National Security Intelligence shares information with the Intelligence Community to identify and disrupt illegal drug trafficking and corresponding ties to counterterrorism operations. We are currently auditing the effectiveness of intelligence reports and related products produced by DEA's Intelligence Research Specialists and Reports Officers, and DEA's efforts to recruit, train, and utilize these specialists.

In sum, the Department's counterterrorism efforts remain a work in progress. While the Department continues to improve its counterterrorism efforts, it still faces significant management challenges in this area.

2. Restoring Confidence in the Department of Justice: An immediate challenge facing Department of Justice leadership is the need to restore confidence in the Department and its operations, both with Department employees and with the public. Recently, the Department has faced significant criticism of its actions and ongoing congressional and internal investigations on a variety of topics, including the removal of U.S. Attorneys and allegations of improper hiring practices for career attorney positions at the Department. These and other allegations regarding the integrity and independence of the Department have affected the morale of Department employees and public confidence in the decisions of Department leaders. This turmoil, combined with numerous high-level vacancies, creates an urgent challenge for the Department's leaders to reestablish public confidence in the independence and integrity of the Department.

In addition, recent resignations by the Attorney General, the Deputy Attorney General, and the Associate Attorney General leave the Department without any of its three most senior Senate-confirmed leaders for the first time in memory. As of October 1, 2007, only 3 of the Department's 11 presidentially appointed Assistant Attorney General positions were filled by Senate-confirmed appointees. Further, 23 of the 93 U.S. Attorney positions were occupied by interim or acting U.S. Attorneys. Vacancies in many key leadership positions have resulted in delayed decision-making or lack of decision-making on a variety of important issues.

The immediate challenge for the incoming Attorney General and his team is to restore confidence in the integrity and independence of the Department – with Department employees, with Congress, and with the public. Accomplishing this rebuilding of trust, while at the same time managing the Department's day-to-day operations, is a critical challenge for the Department and its new leadership.

3. Financial Management and Systems: The Department has continued to make progress in addressing several of the major problems identified in the OIG's annual financial statement audits. However, the Department still lacks sufficient automated systems to readily support ongoing accounting operations and preparation of financial statements. As discussed in past years, the most important challenge facing the Department in this area is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

For fiscal year (FY) 2007, the Department again earned an unqualified opinion and improved its financial reporting. This year, at the consolidated level, the Department had two significant deficiencies compared to one material weakness and one reportable condition for FY 2006. It improved sufficiently in the area of information systems general and application controls to reduce its long-standing "material weakness" to a "significant deficiency." The Department's other significant deficiency related to financial reporting in various components. In addition, Department components reduced component material weaknesses from seven in FY 2006 to four in FY 2007. However, once again much of this success was achieved through heavy reliance on contractor assistance, and we remain concerned about the sustainability of these ad hoc and costly efforts in future years.

In recent years, a key improvement in the Department's financial statement audits has been the expanded involvement of Department managers in issuing guidance and providing greater assistance with component audits and corrective action plans. In FY 2006, the Department successfully implemented the revised Office of Management and Budget (OMB) Circular A-123, Appendix A, Internal Control over Financial Reporting. This Circular was amended to more closely align with the new internal control requirements for publicly traded companies contained in the Sarbanes-Oxley Act of 2002. The revised Circular requires the Department to document and test its internal controls in order to provide an annual assessment as to the effectiveness of those internal controls over financial reporting.

The Department expanded its OMB Circular A-123 internal control review process in FY 2007 to include assessments of the components' information systems control environment and improper payment improvement program. These actions have enabled the Department to monitor the components' corrective action plans more timely and, when necessary, provide additional resources to correct control weaknesses.

Yet, currently none of the Department's seven major accounting systems are integrated with each other. In some cases the components' inadequate and outdated financial management systems are not integrated with all of their own subsidiary systems and therefore do not provide automated financial transaction processing activities necessary to support management's need for timely and accurate financial information throughout the year. Many tasks still must be performed manually at interim periods and at year end. These costly and time-intensive efforts will continue to be necessary to produce financial statements until automated, integrated processes and systems are implemented that readily produce the necessary financial information throughout the year.

The Department has placed great reliance on the planned Unified Financial Management System (UFMS) as the fix for many of these automation issues. The UFMS is intended to standardize and integrate financial processes and systems to more efficiently support accounting operations, facilitate preparation of financial statements, and streamline audit processes. It also will enable the Department to exercise real-time centralized financial management oversight while maintaining decentralized financial management execution.

However, the Department's efforts over the past few years to implement the UFMS to replace the seven major accounting systems currently used throughout the Department have been subject to fits and starts. Three years after the Department selected a vendor for the unified system it has made little progress in deploying the UFMS. The Department notes that problems with funding, staff turnover, and other competing priorities have caused the delays in implementing the UFMS. We reported last year that the DEA was scheduled to be the first component to fully implement UFMS in FY 2008, but now it is projected to begin implementation in FY 2009. Additionally, implementation of the UFMS is not scheduled to be completed in all components until FY 2012. Until that time, Department-wide accounting information will have to continue to be produced manually, a costly process that undermines the Department's ability to prepare financial statements that are timely and in accordance with generally accepted accounting principles. Furthermore, the FBI and USMS will not be able to achieve compliance with the Federal Financial Management Improvement Act of 1996 requirement to record all activity at the United States Standard General Ledger transaction level until the UFMS has been fully implemented.

In sum, the Department continues to show improvement in its overall financial management, with another year of positive audit results and successful implementation of OMB Circular A-123. The biggest challenges facing the Department are to make additional progress on its outstanding financial management and information systems general and application controls issues while moving forward on implementing the UFMS throughout the Department.

4. Grant Management: Grant management is a continuing top challenge, with the Department awarding approximately $3 billion in grants in FY 2007 and approximately $23 billion in the previous 7 years. Yet, the Department components that award grants still lack adequate financial and programmatic oversight of their varied grant programs, and they have yet to develop consistent mechanisms to assess the effectiveness of their grant programs, raising questions about how effectively these grant funds are being spent.

This year OIG audits continue to identify a variety of management concerns regarding the Department's oversight of its grant programs, including problems in the grant closeout process, improper use of grant funds, difficulties in meeting grant objectives, and poor performance measurement of grant effectiveness. These are well known problems, but over the years we have not seen significant improvement in how the Department manages these programs.

While it is important to efficiently award the billions of dollars in grant funds appropriated by Congress annually, it is equally important that the Department maintains proper oversight over the grantees' use of these funds to ensure accountability and to ensure that these funds are effectively used as intended. Too often the OIG has observed a misplaced emphasis on expeditiously awarding grants and a lack of a commensurate emphasis on monitoring the grants awarded.

For example, during 2007 our audit of the Department's overall grant closeout process identified significant concerns over grant management activities. In particular we found that the Office of Community Oriented Policing Services (COPS), the Office of Justice Programs (OJP), and the Office of Violence Against Women (OVW) failed to ensure that grants were closed in a timely manner. We found that only 13 percent of grants were closed within 6 months after the grant end date as required by federal regulation and agency policy. Our audit also identified over 12,000 expired grants more than 6 months past the grant end date that had not been closed. Of these grants, 67 percent had been expired for more than 2 years. We recommended that the Department improve the timeliness of grant closeouts, drawdowns on expired grants, and management of unused grant funds on expired grants.

Since issuance of our report, the Department had closed more than 9,000 expired grants. In particular, the COPS Office has worked hard during the past year to improve its grant closeout process by seeking to ensure that expired grants are closed within 6 months of the grant end date, COPS grantees are prohibited from drawing down grant funds after the end of the 90-day liquidation period unless an extension is requested by the grantee, and any unused grant funds for expired and closed COPS grants are deobligated within 6 months after the grant end date. However, OJP and OVW still need to implement procedures to ensure that grants are closed within 6 months after the grant end date and that grantees are prohibited from drawing down grant funds after the end of the 90-day liquidation period unless an extension is requested by the grantee and approved by the awarding agency.

An ongoing OIG audit of OJP's Human Trafficking grant program, a program which is intended to assist human trafficking victims and funds task forces to identify and rescue victims, is also finding problems with improper use of grant funds, the design and management of the program, and poor performance measures to assess the program's effectiveness.

Another ongoing audit is reviewing the Southwest Border Prosecution Initiative (SWBPI), an OJP administered program that reimburses state and local governments for costs associated with the prosecution and detention of criminal cases declined by the U.S. Attorneys' Offices. Preliminary findings in this audit also indicate weaknesses in monitoring and oversight of grant funds.

Other OIG external audits in FY 2007 demonstrated a continuing need for improved grant oversight by the Department components responsible for administering grants. For example, in a $3 million COPS grant awarded to the City of Philadelphia Police Department to pay for overtime and homeland security efforts, we questioned over $1.2 million in overtime costs and found material weaknesses in several essential grant conditions. Our reviews of other grants showed similar weaknesses, including poor budget management and control. Overall, our external audits find that the Department's administration of grant programs needs to be strengthened through better monitoring and by obtaining more timely and definitive information about project funding and the progress of program implementation.

Unfortunately, during this past year OJP has made little progress in staffing its new Office of Audit, Assessment, and Management (OAAM). Created by Congress, this office was intended to improve internal controls and streamline and standardize grant management policies and procedures across OJP. Yet, as of September 2007 OJP had not hired a director for OAAM because OJP said it was awaiting a Senior Executive Service position. OAAM is comprised of three divisions, each managed by a deputy director. Only one OAMM division, the Audit and Review Division, is close to fully staffed. Eleven of the Division's 18 planned positions are filled, 1 is vacant, 2 positions are filled pending security clearances, and 4 positions are scheduled to be filled in October 2007 by transferring employees from other OJP divisions. The Program Assessment Division, staffed by a deputy director and three program assessment analysts, has 10 vacancies. OJP has not staffed any of the four positions in the Grants Management Division. Our assessment is that OJP has devoted insufficient effort to ensuring that this office oversees and monitors grants, despite the importance of this mission.

In April 2007, Congress approved a revised organizational structure for OJP. Earlier in 2007 OJP reported that it had implemented several modifications to its grants management practices and systems, including: (1) enhanced the web-based Grant Management System, including implementing a closeout module to improve the timeliness of the grant closeout process; (2) a standard grant monitoring tool that contains programmatic, financial, and administrative components; and (3) an OJP-wide grant assessment tool that utilizes 15 criteria to determine grantees in need of assistance through on-site monitoring. Future OIG audits will assess whether this new structure will help OJP correct longstanding deficiencies in its oversight of its annual multi-billion-dollar grant programs.

This past year, the Department also established the National Procurement Fraud Task Force (NPFTF), which seeks to prevent, detect, and prosecute procurement and grant fraud. As part of that effort, the OIG is chairing the Grant Fraud Committee of the task force. To put the importance of grant issues in perspective, in FY 2005 grant expenditures throughout the federal government totaled more than $440 billion, exceeding the $385 billion spent during the same period on federal contract actions.

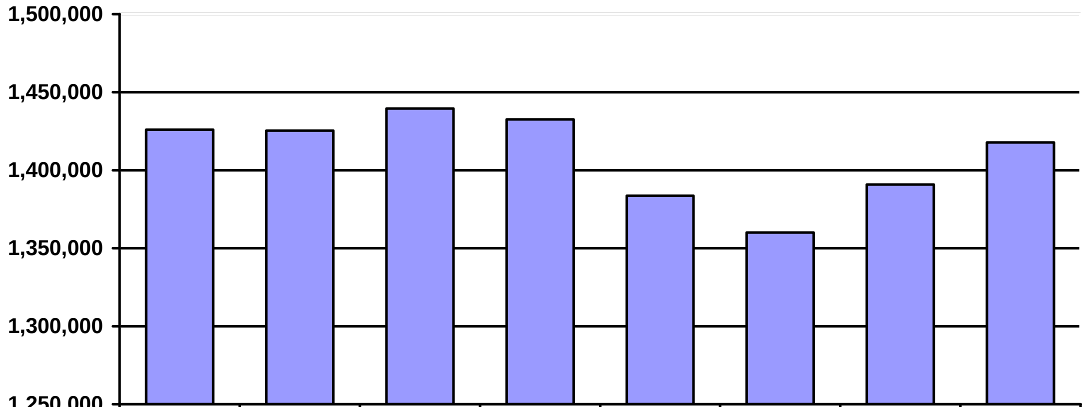
The NPFTF Grant Fraud Committee is focusing on three areas to help improve the ability of the federal government to prevent, detect, investigate, and prosecute grant fraud: (1) examining ways to enhance information sharing concerning cases and issues related to grant fraud; (2) coordinating efforts to provide training to auditors, agents, and prosecutors on detecting, investigating, and prosecuting grant fraud; and (3) conducting outreach to agency program managers who manage federal grant programs and grantees to coordinate prevention, detection, and investigation of grant fraud and to communicate best practices in these areas.

As part of the initiative, the OIG has analyzed past audit reports and investigations to create a common list of grant fraud indicators. In addition, we have developed an internal control survey to quickly assess the risk of fraud related to grantee operations. We believe that these initiatives can help the Department identify controls to reduce the opportunity for grant fraud and mismanagement to occur.

5. Violent Crime: The Department of Justice's recently issued Strategic Plan recognizes as two of the Department's top priorities the need to "reduce the threat, incidence and prevalence of violent crime" and to "strengthen partnerships for safer communities and enhance the Nation's capacity to prevent, solve, and control crime." Achieving sustained progress toward these goals continues to present a significant management challenge for the Department, particularly in light of a second year of increases at the national level in violent crimes reported to law enforcement and the shift of the Department's top priority to preventing terrorism.

National statistics on the number and rate of violent crime for 2005 and 2006 suggest that the decline that began in the 1990s is ending. For example, as Chart 1 shows, the FBI Uniform Crime Report on trends in the number of violent crimes reported to law enforcement across the United States shows a 2.3-percent increase in violent crime in 2005 over 2004 and a 1.3 percent increase in violent crime in 2006 over 2005. For 2006, robbery showed the biggest rise, increasing by 6 percent compared to 2005 figures and murder increased by 0.3 percent. In contrast, the 2006 figures show decreases in two categories: forcible rape declined by 1.9 percent and aggravated assault declined by 0.7 percent.

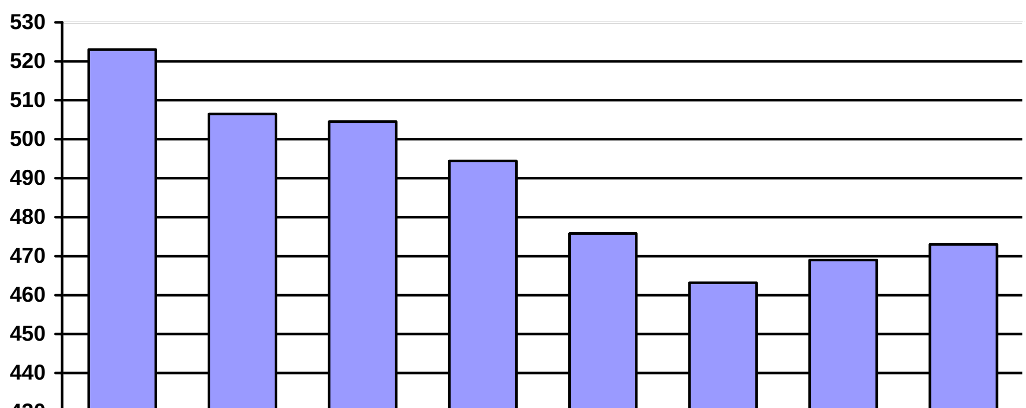
Chart 1 - Number of Reported Violent Crimes, 1999 - 2006



	1999	2000	2001	2002	2003	2004	2005	2006
Violent Crimes	1,426,044	1,425,486	1,439,480	1,432,677	1,383,676	1,360,088	1,390,745	1,417,745

Uniform Crime Report data on the rate of violent crime also show a decline that began in the 1990s ending with small increases in 2005 and 2006. As shown in Chart 2, the overall rate of violent crime per 100,000 persons showed an increase of 1.3 percent from 2004 to 2005 and an increase of 1.0 percent from 2005 to 2006.

Chart 2 - Reported Violent Crime Rates, 1999 - 2006



	1999	2000	2001	2002	2003	2004	2005	2006
Violent Crimes	523	507	505	494	476	463	469	473

While the latest Uniform Crime Report data show that the number and rate of reported violent crimes were lower in 2006 than 5 years ago, the increases in violent crime over the past 2 years are troubling.

The National Crime Victimization Survey (NCVS) also measures national crime rates by surveying a representative sample of over 77,000 households on the frequency, characteristics, and consequences of criminal victimization, specifically rape, sexual assault, robbery, assault, theft, household burglary, and motor vehicle theft. According to Bureau of Justice Statistics NCVS reports, between 2004 and 2005 the number of reported violent victimizations per 1,000 people over age 12 remained nearly constant (21.1 in 2004 and 21.0 in 2005). Specifically, the rate of murder remained at 0.1, rape increased from 0.4 to 0.5, robbery increased from 2.1 to 2.6, aggravated assault remained at 4.3, and simple assault decreased from 14.2 to 13.5.

Since the September 11 attacks, the Department's law enforcement and prosecution components have shifted significant resources formerly devoted to crime prevention and control to focus on terrorism. For example, the OIG assessed the FBI's reallocation of resources in a September 2005 report and found that the Department was investigating and prosecuting significantly fewer traditional criminal matters than it did prior to September 11, 2001.

In that report, the OIG recommended that the FBI ensure that it has accurately evaluated its investigative needs and translate those assessments into realistic field agent allocations. In its most recent response, the FBI reported that it has been working to update its resource utilization practices to more precisely match its investigative needs. The FBI also said that it continues to modify its strategic planning methods to ensure that future resource allocations more closely meet field investigative demands. Specifically, in FY 2006 the FBI began a new strategic planning initiative called the Strategic Management System (SMS) to integrate strategic planning across operational and administrative areas. However, the FBI has not yet implemented SMS throughout all of its programs.

The FBI also has made progress in implementing our recommendations to enhance its coordination of identity theft, gang-related matters, fugitive apprehension, and alien smuggling. For example, since issuance of our report the FBI established a National Identity Theft Center Working Group staffed by personnel in several FBI divisions. The working group seeks to gather information from a variety of sources, analyze that information to identify trends, and distribute its analyses to FBI field offices and identity theft task forces, as well as to state and local law enforcement agencies.

In October 2006, the Department announced a 3-phase "Initiative for Safer Communities" to target violent crime prevention efforts in selected communities across America that have shown increases in crime. The first phase consisted of visits to 18 cities to learn about their crime problems and solutions. During the second phase, Department staff analyzed findings from the visits and identified three common themes: local gangs and street groups committing violent crimes, prevalence of gun crimes, and youth violence. The Initiative's third phase, announced by the Department in May 2007, consists of new efforts to enhance federal law enforcement efforts, assistance to state and local law enforcement, and requests to Congress to bolster legal authorities and funds for combating violent crime.

The Department's law enforcement components have implemented task forces and other initiatives to address aspects of the violent crime problem – DEA Mobile Enforcement Teams, FBI Safe Streets Task Forces, USMS Regional and District Fugitive Task Forces, and ATF's Violent Crime Impact Teams. In addition, since 2001 the Department has supported the Project Safe Neighborhoods initiative that seeks to reduce gun crime under the leadership of the U.S. Attorney in each federal district.

One of the Department's key challenges is to effectively coordinate its violent crime initiatives to ensure that they are complementary and do not waste resources through unnecessary duplication of effort. In addition, we believe the Department should continually assess the effectiveness of the various initiatives to determine if it is maximizing the impact of Department resources on reducing violent crime.

For example, a May 2007 OIG report found that coordination efforts among the Department's four law enforcement components were not fully effective at preventing duplication of efforts by these violent crime task forces. On a positive note, the Department issued a new policy in May 2007 in response to the OIG report that requires all U.S. Attorneys to report to the Department on violent crime task force coordination efforts, coordination problems, and guidance or policies adopted or revised to address the problems. In addition, the Department implemented a requirement for components to obtain the Deputy Attorney General's approval before implementing new violent crime task forces in order to ensure coordination of these efforts.

In May 2006, the OIG reviewed ATF's implementation of its Violent Crime Impact Teams (VCIT), which seeks to decrease homicides and other violent firearm crimes in targeted urban areas. The OIG evaluation concluded that while the VCIT strategy may be an effective tool to reduce violent crime in target areas, there has been inconsistent application by ATF of key elements of the VCIT strategy. In light of ATF's planned expansion of the VCIT initiative from 25 to 30 cities in 2008, a specific challenge for the Department is to fully implement VCIT as designed and to evaluate VCIT and other violent crime task forces in order to gauge their effectiveness.

In addition to the operational assistance provided to state and local law enforcement agencies by the Department's task forces, OJP awards grants to support gang violent crime reduction efforts. For example, during FYs 2006 and 2007 OJP awarded $2.5 million to each of 10 cities to support prevention, enforcement, and offender reentry programs. As is discussed further in the Grant Management Challenge, proper oversight and evaluation is needed to ensure that these funds are being used for their intended purpose and that the activities they support are effective.

In sum, the Department faces a significant challenge in working with state and local law enforcement to address the recent rise in violent crime while shifting substantial resources from its criminal investigations to meet its counterterrorism-related responsibilities.

6. Detention and Incarceration: The Department's ability to safely and economically manage growing federal detainee and inmate populations presents a continuing management challenge. Among the key issues the Department needs to address in order to meet its goal of providing a safe, secure, and humane confinement environment are sufficient and economical prison and detention space, properly trained correctional officers, and appropriate management of high-risk inmates to protect the public from further criminal activities and to protect staff and inmates from harm.

The BOP is responsible for approximately 200,000 federal offenders, most of whom are housed in BOP-operated facilities. In FY 2007, the BOP received an appropriation of approximately $5.4 billion. Moreover, approximately 56,000 federal detainees awaiting trial or sentencing are housed each day by the USMS, primarily in jails under contract with the USMS. The Department's Office of the Federal Detention Trustee (OFDT) provides oversight of the USMS's detention activities and manages the budget for housing USMS detainees, which in FY 2007 was more than $1.2 billion.

Since FY 2002, the number of federal inmates has increased by 22 percent and the number of federal detainees by 40 percent. According to the Department's most recent strategic plan, the BOP expects to continue to grow by 5,000 inmates per year and projects that by 2012 the total inmate population will exceed 225,000, with BOP facilities experiencing an overcrowding rate of 28 percent.

Because the USMS houses only about 21 percent of its detainees in federal facilities, it is dependent on detention space leased from state and local governments to house the bulk of its detainees. According to OFDT estimates, the average daily population is expected to increase from the current 56,000 detainees to 63,145 in FY 2008. To house these federal detainees, the USMS has entered into more than 1,800 Intergovernmental Agreements (IGA) with state and local governments at an average daily rate of $63.22 or more than $1 billion per year. Consequently, a significant challenge for the Department is to obtain needed detention space for detainees without overpaying for it.

A March 2007 audit of the Department's oversight of the IGA program disclosed longstanding and significant deficiencies in how per-inmate costs paid by the Department were determined and monitored. Since 1995, the OIG has audited 31 IGAs between the USMS and state and local governments for detention space and found almost $60 million in dollar-related findings. A recurring finding was that the USMS paid state and local governments significantly more than their actual and allowable costs for detention space. However, OFDT instructed the USMS not to seek recovery of the overpayments identified by the OIG. The OIG believes that this instruction was overbroad and the Department's Civil Division is currently reviewing certain individual OIG audits to determine whether legal action would be appropriate to recoup overpayments.

Going forward, OFDT is implementing an automated system known as eIGA to help determine the per-inmate daily reimbursement rate. The OIG believes that eIGA is a positive step toward improving the process that has historically been used to establish jail-day rates. However, the OIG also believes that OFDT should consider additional information as part of the eIGA formula so that the Department will be in the strongest possible position to negotiate with state and local jails to control costs. For example, as currently structured eIGA does not capture a jail's average daily population, indirect costs, or revenue generated from operations (also known as credits). The OIG believes this information is necessary to an accurate understanding of a detention facility's actual costs, and therefore has recommended that OFDT modify eIGA to capture this information so that it will be available to the USMS personnel charged with negotiating IGAs with state and local governments.

In May 2007, the OIG met with representatives from the Office of the Deputy Attorney General, OFDT, and the Justice Management Division to discuss the OIG's recommendation regarding eIGA. Since this meeting, the parties have been discussing the OIG's recommendations and refinement of the eIGA process. However, as of September 30, 2007, no resolution has been reached.

As part of its management of federal inmates and detainees, both the BOP and the USMS seek to ensure that they receive quality, cost-effective medical care. With the increasing population and rising medical costs, cost containment for medical services remains a challenge for the Department. For example, during the OIG's November 2005 audit of the BOP's pharmacy services, we found that the BOP's total health care costs for treating inmates increased from approximately $413 million in FY 2000 to approximately $624 million in FY 2004, an average annual increase of close to 11 percent. During that same period, the BOP's costs for prescription medications and related supplies increased an average of 23 percent annually, from $22.5 million in FY 2000 to $50.7 million in FY 2004. We concluded that the BOP could reduce prescription medication costs by controlling waste from unused prescriptions; fully implementing cost-savings initiatives such as requiring inmates to pay for over-the-counter medications; and maintaining accurate records of controlled substances and their administration. Since completion of the audit, the BOP has implemented the report's 13 recommendations.

In an ongoing audit, the OIG is examining the BOP's efforts to manage inmate health care costs and whether the BOP is effectively administering its medical services contracts effectively monitoring its medical services providers.

The USMS faces similar health care issues with detainees in its custody. In a February 2004 OIG audit, we concluded that the USMS was not effectively managing medical care of federal detainees. We found that the USMS failed to adequately track and monitor detainees with communicable diseases, failed to provide adequate emergency response to detainees, and failed to comply fully with statutory cost saving measures that resulted in the USMS paying approximately $7 million more annually than necessary for detainee medical care. In response to the audit, the USMS and OFDT have been negotiating a national managed health care contract. The USMS stated that its Technical Evaluations Board has completed evaluation of bids and plans to award the contract before the end of 2007.

An unresolved challenge for the Department is to ensure that its staff and other Department employees who work in the correctional environment benefit from appropriate safety precautions. Even though more than 15 months have passed since OIG Special Agent William "Buddy" Sentner was shot and killed by a BOP correctional officer who brought a gun into a federal prison in Florida, the BOP has not yet implemented basic security measures such as requiring all staff to pass through a metal detector before entering a BOP facility.

Sexual abuse of inmates by BOP staff also remains a problem in BOP facilities. Approximately 12 percent of all OIG investigations throughout the entire Department are related to staff sexual abuse of inmates. An April 2005 OIG report highlighted the problem of sexual abuse of inmates and deficiencies in federal law that results in lenient sentences or unprosecuted cases. Congress enacted legislation in 2006 that increased the penalties and broadened federal jurisdiction for prosecuting staff sexual abuse of federal inmates. During FY 2008, the OIG plans to assess the effect of the statutory changes and the BOP's efforts to deter and detect staff sexual abuse of inmates.

The BOP also is responsible for monitoring the activities of inmates to ensure that they do not continue their criminal activities from prison. In a September 2006 report, we found significant shortcomings with the BOP's monitoring processes for terrorist inmates' mail, telephone calls, visits, and cellblock conversations. We also found that the Department did not have a policy requiring that all inmates arrested for international terrorism-related crimes be reviewed to determine whether they should be placed under Special Administrative Measures, the most restrictive conditions that can be placed on an inmate's communications.

Based on our recommendations, the BOP has made progress in improving its monitoring of terrorist inmates. For example, since issuance of our report the BOP stated that it is performing 100 percent monitoring of all terrorist inmates' written and telephone communications; conducting more foreign language and intelligence training for prison staff who perform the monitoring; and increasing the use of electronic tools such as language translation software and databases that facilitate intelligence analyses. The BOP also has established a Counterterrorism Unit to manage counterterrorism intelligence and language translation across its facilities and a Communications Management Unit in Terre Haute, Indiana, to house inmates who require increased monitoring of their communications. In addition, in August 2007 the Department developed new procedures to ensure that terrorist and other high-risk inmates are reviewed systematically to determine whether they should be placed under Special Administrative Measures during pretrial and post-conviction incarceration. Although we have not yet assessed the effect of these changes, we believe they represent significant steps to reduce the threat that inmates can continue during their incarceration.

7. Sharing of Intelligence and Law Enforcement Information: The Department continues to improve its sharing of law enforcement and intelligence information with federal, state, and local officials. However, ongoing efforts throughout the Department to upgrade information technology (IT) systems remain a key factor in the Department's ability to more fully meet this challenge.

The Department is moving forward with several broad initiatives to overcome barriers to information-sharing, including a program called the Law Enforcement Information-Sharing Program (LEISP). LEISP is a nationwide collaboration involving the FBI, other Department components, the Department of Homeland Security (DHS), the intelligence community, and local law enforcement agencies that seeks to enable law enforcement agencies to access Department information in a timely and secure manner. As part of the LEISP, OJP has awarded grants to examine the policy, connectivity, and jurisdictional issues that have hampered effective justice information-sharing in the past. In addition, through the Department's Global Justice Information Sharing Initiative, all Department components have adopted a common computer language for sharing information among differing computer systems. In FY 2006, the Department began requiring that state and local criminal justice agencies that receive federal grants use this information-sharing standard.

Several Department components are moving forward with other targeted information-sharing initiatives. For example, the DEA, in partnership with the High Intensity Drug Trafficking Area (HIDTA) Program and the Regional Information Sharing Systems (RISS), is developing the National Virtual Pointer System (NVPS). The NVPS will connect databases of participating federal, state and local law enforcement agencies into a single automated system to allow them to share information on their investigations. Through NVPS, participating agencies can determine if any other law enforcement agency is investigating the same subject regardless of the crime. Future plans include migrating the NVPS into the FBI's National Law Enforcement Data Exchange (N-DEx). The FBI is developing N-DEx to enable law enforcement agencies to search, link, analyze, and share criminal justice information such as incident and case reports, incarceration data, and parole and probation data on a national basis. Participating agencies will be able to use N-DEx to detect relationships among people, places, and crime characteristics across jurisdictions. The Department anticipates completing the implementation of N-DEx by FY 2010.

Ongoing OIG reviews of the FBI’s efforts to upgrade its IT systems have shown that the FBI has made progress in addressing deficiencies in its information-sharing capabilities. For example, a March 2006 OIG report on development of the FBI’s Sentinel case management system found that the FBI had not taken adequate steps to ensure that Sentinel would allow sharing of information between the FBI and other intelligence and law enforcement agencies. In addition, the OIG was concerned that Sentinel would not provide a common framework for other agencies’ case management systems as initially intended. In a follow-up audit issued in December 2006, the OIG found that, based on OIG recommendations, the FBI has focused more attention on external information sharing needs and coordinating its requirements for Sentinel with the requirements of other Department agencies, DHS, and other federal entities. In addition, Sentinel is being built to meet the standards of the new National Information Exchange Model, a joint Department/DHS standard that has become the government-wide standard for any new law enforcement and intelligence systems being developed.

The successful completion of Sentinel remains a continuing challenge. With the most difficult phases of the project yet to come, the FBI must remain vigilant in monitoring Sentinel’s development. In the most recent follow-up report issued in August 2007, the OIG noted progress in the management of Sentinel, including the FBI’s implementation of its earned value management and risk management. However, as the FBI moves forward with development of Sentinel, it must ensure that it continues to implement these and other project management processes while incorporating lessons learned from the Sentinel development process.

In a separate audit, the OIG examined the progress of the Integrated Wireless Network (IWN), a $5 billion joint project among the Department, the DHS, and the Department of Treasury that is intended to address federal law enforcement requirements to communicate across agencies, allow interoperability with state and local law enforcement partners, and meet mandates to use federal radio frequency spectrum more efficiently. The OIG concluded that the IWN project was at a high risk of failure. Despite over 6 years of development and more than $195 million in funding, the OIG concluded that the IWN project does not appear to be on the path to providing the intended seamless interoperable communications system. The causes for the high risk of project failure include uncertain and disparate funding mechanisms for IWN, the fractured partnership between the Department and DHS on IWN, and the lack of an effective governing structure for the project.

As mentioned previously in the Violent Crime challenge, a May 2007 OIG report assessed the coordination of investigations conducted by four Department violent crime task forces. This review examined not only the Department’s coordination of its task force investigations, but also the use of information-sharing systems to prevent duplication of effort by the various task forces. We found that U.S. Attorneys and local task force managers in some cities used information-sharing systems, such as HIDTA, to increase coordination of task force operations. However, in other cities task forces did not use information-sharing systems and conducted duplicate investigations and wasted resources. In response to OIG recommendations, the Deputy Attorney General directed Department components to adopt a policy requiring the use of information-sharing and deconfliction measures to coordinate investigations in areas where more than one Department-led violent crime task force operates.

In sum, the Department continues to make progress in improving its ability to share a greater range of law enforcement and intelligence information, both within the Department and with other federal, state, and local law enforcement agencies. Nevertheless, the Department’s efforts to upgrade its IT systems remain a key factor in its ability to more fully meet this information-sharing challenge, and the Department still faces significant challenges to ensure the timely, effective, and secure sharing of vital intelligence and law enforcement information.

8. Information Technology Systems Planning, Implementation, and Security: As noted in other challenges, the Department's efforts to upgrade critical IT systems in a timely and cost-effective manner have produced mixed results. In the past, widespread problems ranging from a lack of critical managerial processes to mismanagement of individual systems have hobbled attempts by the Department to upgrade critical IT systems. While the Department is now making positive strides in various areas, several major IT projects such as the Unified Financial Management System, the Litigation Case Management System, and the IWN project remain at risk in terms of cost, schedule, and performance.

The OIG also is concerned the Department lacks the ability to accurately track the cost of its major IT systems and, more fundamentally, that it does not exercise direct control over components' IT projects. Historically, Department components have resisted any form of centralized control over major IT projects, and the Department's Chief Information Office (CIO) does not have direct operational control of component IT management. We believe the Department should provide increased control to the CIO for certain high-risk functions and for individual components experiencing difficulty with particular IT systems. These high-risk functions may include hiring for critical positions, completion of system requirements, and oversight of contract administration.

We also are concerned about the excessive reliance the Department places on contractors to develop, monitor, and run internal Department systems. We have found numerous systems run by contractors in which Department employees do not always understand either the mechanics or the overall processes required to make the systems perform as intended. For example, OIG audits of the Terrorist Screening Center and the Department's watchlisting processes found that contractors are performing a significant portion of the information system management and data analysis.

Notwithstanding these concerns, we note that several DOJ components have made significant progress during the past year to improve their IT management practices. One component in particular that appears to be learning from past mistakes is the FBI. As discussed above, based on a variety of recent reviews we believe the FBI is making progress in its efforts to develop the modern IT systems needed to perform its mission and provide its employees with the ability to effectively analyze and share the vast amount of information it collects. Over the past several years, the FBI has instituted better IT management processes and controls through its Life Cycle Management Directive. Continuity in both the FBI's CIO position and its project management staff – a huge problem in failed previous efforts – also has stabilized. In addition, all of the FBI's IT activities have been centralized under the FBI CIO, who now controls all agency IT spending.

The Department also faces the challenge of assuring that the more than $2 billion it receives annually for the Department's IT systems is being spent effectively. A June 2007 OIG report examined the Department's inventory of IT systems and identified 38 major IT systems estimated by system mangers to cost over $15 billion through 2012. The OIG's audit found that the cost information the Department provides on its IT systems to Congress, OMB, and senior management within the Department is unreliable. Specifically, IT system cost reporting within the Department is fragmented, uses inconsistent methodologies, and lacks control procedures necessary to ensure that cost data for IT systems is accurate and complete. In our opinion, the lack of complete and verifiable cost data undermines the effectiveness of oversight of IT projects by various entities, including the Department's Investment Review Board, Department and component CIOs, Congress, and OMB.

In an August 2007 report, we inventoried approximately 800 studies, plans, and evaluations of component IT systems. Our audit found that components do not prepare many of the required IT studies, plans, and evaluations. Based on the limited number of certain types of plans and evaluations produced on major systems and projects, we recommended that the CIO evaluate why project teams do not prepare certain plans and evaluations, reassess the utility of those documents, and consider revising the standards for producing IT studies, plans, and evaluations for individual IT projects. The CIO concurred and has initiated the evaluation.

As the Department develops new IT systems, it also must ensure the security of those systems and the information they contain. The Department must balance the need to share intelligence and law enforcement information with the need to ensure that such information is handled appropriately and that any sharing meets security standards.

Since 2001, the OIG has conducted IT security audits in response to the Federal Information Security Management Act. These audits have noted improvement in the Department's information security over time, but we also have continued to identify weaknesses within the Department's management, operational, and technical controls for its sensitive but unclassified and classified systems and deficiencies in the Department's oversight program and related management controls. In response to our specific findings, the Department has made improvements in its oversight of IT security. For example, Department components are testing their systems more frequently using automated software to track potential system vulnerabilities. In addition, the Department is performing annual IT security awareness training for employees and contractors.

In sum, if the Department is to build on the advances it has made in IT systems planning, implementation, and security, it must closely manage these projects to ensure the systems are cost-effective, well-run, secure, and successful in achieving their objectives.

9. Civil Rights and Civil Liberties: A continuing challenge for the Department is to balance aggressive pursuit of its counterterrorism responsibilities with the need to protect individual privacy rights and civil liberties. This year, the OIG found significant problems in this challenge in an important area. A March 2007 OIG review reported on serious misuse by the FBI of national security letters (NSL). NSLs are used in terrorism and espionage investigations to obtain from third parties, without a court order, records such as telephone toll billing records, electronic communication transactional records, financial records, and credit information.

In the USA PATRIOT Improvement and Reauthorization Act of 2005 (Patriot Reauthorization Act), Congress directed the OIG to report on the FBI's use of NSLs and Section 215 orders for business records. The USA PATRIOT Act (Patriot Act), enacted in 2001, significantly expanded the FBI's preexisting authority to obtain information through NSLs. The Patriot Act lowered the threshold standard for issuance of NSLs, allowed FBI field office Special Agents in Charge to approve issuance of NSLs, and permitted the FBI to use NSLs to obtain consumer full credit reports in international terrorism investigations. In addition, section 215 of the Patriot Act allows the FBI to seek an order from the Foreign Intelligence Surveillance Court to obtain "any tangible thing," including books, records, and other items from any business, organization, or entity if the item is for an authorized investigation to protect against international terrorism or clandestine intelligence activity.

The OIG issued reports in March 2007 that examined the FBI's use of NSLs and Section 215 orders to obtain business records. While Section 215 did not create any new investigative authority, it significantly expanded existing authority by broadening the types of records that can be obtained and by lowering the evidentiary threshold to obtain an order. Public concerns about the scope of this expanded authority centered on the FBI's ability to obtain library records. The OIG report found that the FBI did not obtain Section 215 orders for any library records during the 2002 to 2005 period covered by our review. In addition, the OIG review did not identify any instances involving improper or illegal use of pure Section 215 orders.

However, the OIG's 126-page report on NSLs revealed a much different picture. The OIG's review detailed significant improper or illegal uses of NSL authorities from 2003 through 2005, including violations involving the issuance of NSLs without proper authorization, improper requests under the statutes cited in the NSLs, and unauthorized collection of telephone or Internet e-mail transactional records. The OIG also identified many instances in which the FBI improperly obtained telephone toll billing records pursuant to more than 700 so-called "exigent letters" signed by personnel in the FBI's Counterterrorism Division without first issuing NSLs. The OIG found that the FBI's acquisition of this information circumvented the requirements of the NSL statute, violated the Attorney General's Guidelines, and contravened internal FBI policy. We also found that the FBI issued some of these "exigent letters" in non-emergency circumstances, failed to ensure that there were duly authorized investigations to which the requests could be tied, and failed to ensure that NSLs were issued promptly after the "exigent letters" were sent. Moreover, the letters inaccurately represented that the FBI had already requested subpoenas for the information when, in fact, it had not.

The OIG's March 2007 report made 10 recommendations to the FBI relating to its use of NSLs, including improving its database to ensure that it captures timely, complete, and accurate data; issuing additional guidance to field offices to assist in identifying possible intelligence violations arising from the use of NSLs; and taking other steps to ensure that the FBI uses NSLs in accordance with the requirements of national security letter authorities, Attorney General Guidelines, and internal FBI policies. The FBI concurred with all of the OIG's recommendations and agreed to implement corrective actions.

The FBI and the Department began taking other actions in response to the problems disclosed in the OIG's March 2007 report. The Attorney General directed the Department's National Security Division (NSD) and the Privacy and Civil Liberties Office to work with the FBI to implement corrective actions. For example, the FBI conducted a retrospective audit of a random sample of NSLs issued from 2003-2006 by the FBI's 56 field offices and Headquarters Divisions to check for possible intelligence violations or violations of Attorney General Guidelines or internal policies governing the use of NSLs. In addition, in March 2007 the FBI prohibited the use of so-called "exigent letters" with the promise of future legal process to obtain telephone toll billing or subscriber information from telephone companies. In September 2007, the Department established an oversight section within the NSD to review the FBI's use of NSLs and other national security tools. The FBI also created an Office of Integrity and Compliance to promote FBI compliance with laws, rules, and regulations not only in the FBI's National Security Branch but in all FBI programs and activities.

The challenge for the Department and the FBI is to conduct continuous, meaningful oversight of the FBI's use of these important but intrusive authorities. In addition, integration of the FBI's Office of Integrity and Compliance into the culture and structure of the FBI presents a challenge that will require substantial resources and wide support from managers throughout the FBI.

The OIG is currently conducting a follow-up review on the FBI's use of NSLs that focuses on three areas: the FBI's use of NSLs in calendar year 2006 (as directed by Congress in the Patriot Reauthorization Act), the FBI's and Department's implementation of the OIG's recommendations from our March 2007 NSL report and other corrective measures, and the FBI's use of "exigent letters."

In addition to NSLs, the OIG continues to actively review other Department programs affecting civil rights and civil liberties. For example, the OIG is reviewing the Department's involvement with the National Security Agency program known as the "terrorist surveillance program." This ongoing review is examining the Department's controls and use of information related to the program and the Department's compliance with legal requirements governing the program.

During the past year, the Department made progress in addressing the final outstanding recommendation from an earlier OIG report, the June 2003 report entitled, "The September 11 Detainees: A Review of the Treatment of Aliens Held on Immigration Charges in Connection with the Investigation of the September 11 Attacks." In that report, the OIG examined the treatment of these detainees, including circumstances surrounding their detention, their access to counsel, the timing of their release from custody or removal from the United States, and their conditions of confinement. The OIG report found significant problems in the way the Department handled the September 11 detainees, and included 21 recommendations related to issues under the jurisdiction of the FBI, the BOP, and the Department, as well as immigration issues now under the jurisdiction of the DHS. In July 2007, the Department and the DHS finally entered into a memorandum of understanding (MOU) to formalize policies, responsibilities, and procedures for managing a national emergency that involves alien detainees. We believe that full implementation of the MOU procedures could help prevent many of the problems we uncovered in our September 11 detainee review.

In sum, striking the appropriate balance between meeting its critical counterterrorism-related responsibilities and respecting civil rights, civil liberties, and privacy rights remains a key challenge for the Department.

10. Cybercrime: Cybercrime involves the use of computers to conduct criminal activity such as fraud, identity theft, theft of intellectual property, copyright infringement, and sexual exploitation of minors. With rapid technological advances and the widespread use of the Internet, cybercrime is a growing source of criminal activity and an emerging challenge for the Department and law enforcement nationwide.

The opportunity for cybercrime increases with the growth of the Internet. Every day, criminals are invading homes and offices across the nation – not by breaking down windows and doors, but by breaking into laptops, personal computers, and wireless devices. For example, the Internet Crime Complaint Center, which is jointly operated by the FBI and a congressionally funded, non-profit corporation called the National White Collar Crime Center, received 207,492 complaints in 2006. These included fraud-related complaints such as credit or debit card fraud, as well as non-fraud related complaints such as computer intrusions, spam or unsolicited e-mail, and child pornography.

Cybercrime also poses a threat to U.S. national economic and security interests. According to a 2005 FBI survey, the overall loss from computer crime was estimated at $67.2 billion annually for U.S. organizations. The estimated loss associated with identity theft was $49.3 billion in 2006 and approximately $1 billion due to “phishing.” Phishing is a high-tech scam that frequently uses unsolicited messages to deceive people into disclosing financial or personal identity information.

Another challenge facing the Department is the threat posed to the nation’s national security through attacks on our computer-reliant critical infrastructures and theft of sensitive information. Over the past several years the Department has taken a number of positive steps to address the varied facets of cybercrime. For example, in 2002 the FBI created a Cyber Division at FBI headquarters to manage and direct its overall cybercrime program in light of the international aspects and national economic implications of cyber threats. In March 2003, the FBI issued the Cyber Division National Strategy, which describes four objectives for identifying and neutralizing individuals or groups conducting computer intrusions and spreading malicious computer code, intellectual property thieves, Internet fraud, and on-line predators that sexually exploit or endanger children.

The Criminal Division’s efforts to fight cybercrime are centered in the Child Exploitation and Obscenity Section, which coordinates efforts to prosecute Internet sex crimes against children, and in the Computer Crime and Intellectual Property Section (CCIPS), which focuses on electronic penetrations, data thefts, and cyberattacks on critical information systems. In response to the growing threat of cybercrime, CCIPS has nearly doubled in size over the past 7 years and now numbers approximately 40 attorneys.

In March 2004, the Department established a Task Force on Intellectual Property that includes within its focus computer crimes involving theft of intellectual property. The Department also has greatly expanded the Computer Hacking and Intellectual Property “CHIP” Program at the United States Attorneys’ Offices, which is designed to increase the number of prosecutions of these types of cases and to improve coordination of these cases with other Department components. As of June 2007, more than 200 attorneys throughout the country have been assigned to the CHIP program.

Established in May 2006, the Department’s “Project Safe Childhood” seeks to protect children from sexual abuse and exploitation on the Internet. The project, led by the 94 United States Attorneys, developed regional task forces to investigate and prosecute crimes against children committed on the Internet or through other electronic media and communications devices. The project seeks to integrate federal, state, and local efforts; increase the number of cases prosecuted in federal court where stiffer punishment is available; provide training to law enforcement partners to more effectively investigate and prosecute these cases; and increase community awareness of this problem in order to provide tools to parents and children seeking to report possible violations.

In sum, the Department and its components have taken steps to address the varied facets of cybercrime. While the Department has developed several initiatives to combat aspects of this complicated crime, the Department must continue to respond to this growing challenge.

DOJ Management's Response to the Office of Inspector General's Top Management and Performance Challenges

1. Counterterrorism

1. Counterterrorism: A critical challenge facing the Department of Justice (DOJ or the Department) is its ongoing effort to detect and disrupt acts of terrorism.

Issue: The Federal Bureau of Investigation (FBI) continues its transformation into a more proactive, intelligence-driven agency. However, frequent rotations and turnover within its senior management ranks negatively affect this transition.

Action: The FBI has launched a number of initiatives to address this issue. Representatives of the FBI's Executive Development and Selection Program are working with the RAND Corporation to develop a database designed to assist in Senior Executive Service (SES) succession planning. In addition, the FBI's Training and Development Division is formulating an "FBI Leadership Training Framework" that will provide the basis for a comprehensive leadership development program. Another piece of the FBI's leadership development strategy is the Strategic Leadership Development Plan, which will provide techniques for identifying leadership needs and problems, articulate a program designed to enhance leadership knowledge, skills, and abilities throughout an employee's career, and relate leadership development to the FBI's strategic mission in its top priority programs. The FBI is evaluating several possible measures to lengthen tenure in SES positions, particularly at FBI Headquarters (FBIHQ), including the increased use of retention bonuses and other incentives to encourage SES employees to remain in these positions longer. With strong, steady leadership, the FBI will be better poised to achieve its mission of protecting America.

Issue: The Terrorist Screening Center's (TSC) management of the terrorist watchlist continues to have weaknesses. For example, the TSC still relies on two versions of the watchlist database, and the Office of the Inspector General (OIG) identified several known or suspected terrorists who were not watchlisted appropriately. Although the TSC had increased its quality assurance efforts, it continues to lack important safeguards for ensuring data integrity.

Action: The TSC routinely evaluates its operations to increase efficiency and effectiveness, and will continue to take this same approach in the future. The TSC does not rely upon two versions of the watchlist database as the OIG indicates, but instead has only one consolidated government watchlist: the Terrorist Screening Database (TSDB). The TSDB is one system that contains two primary components. Each component has separate functions, but as of this date, neither can exist without the other. Thus, the components are part of the overall system, not separate systems.

As part of the Single Review Queue (SRQ), terrorist identity data is received into a component of the TSDB known as the Nomination Tracking Processor (NTP), where it awaits a review by a TSC Nominations and Data Integrity Unit (NDIU) analyst. SRQ personnel review both international terrorist records from the Terrorist Identity Datamart Environment (TIDE), provided by the National Counterterrorism Center (NCTC), and domestic terrorist records provided by the FBI's Terrorist Review and Examination Unit (TREX). After the record is reviewed in NTP, TSC adds it as an official record, and exports the record to one of the TSC's supported systems, such as the National Crime Information Center (NCIC).

The time to process the SRQ nominations from NCTC's TIDE, which includes thousands of records each day, takes several hours to complete. As such, during the time it takes to process the SRQ, there will always be disparities between the NTP and official recordkeeping components of the TSDB. However, these components are now reconciled each day through a formal process after the SRQ is completed.

The TSC has also created a Data Integrity Advisor position whose incumbent reports to the TSC Director. The Data Integrity Advisor examines all lines of business supporting data integrity at the TSC, including operations, information technology (IT), policy, and standard operating procedures. As a result, new standard operating procedures, training, sampling measures, and metrics have been implemented at the TSC to ensure the highest-quality data on known or suspected terrorists is available to the United States and its partners to detect and disrupt acts of terrorism.

As noted by the OIG, the TSC has consistently enhanced its quality assurance efforts, and continues to innovate in the critical area of data integrity. The TSC has noted the OIG's concerns and has fully addressed them operationally and strategically. The TSC is committed to a methodology that not only addresses current data integrity issues, but identifies and plans for improvements in this arena in the future.

Issue: The FBI has made progress in improving its hiring, training, utilization, and retention of Intelligence Analysts (IAs), although in some areas the progress had been slow and uneven. Improvement is needed in the time required to hire analysts. In addition, the FBI has struggled to design a satisfactory training program for its counterterrorism agents and analysts, and many special agents still do not fully understand or appreciate the role of analysts.

Action: The FBI has taken, or plans to take, a number of initiatives in selection and hiring, recruitment and retention, and training.

Selection and Hiring: The FBI's plan for selection and hiring for the Intelligence Career Service incorporates the best practices from Special Agent hiring and leverages the strengths of this proven system. The FBI has made significant progress in implementing its selection and hiring action plan by creating a suite of selection tools, piloting selection system tools, and facilitating a more focused selection process. The FBI is currently deepening its selection and hiring capabilities. In the next 6 months, the FBI will validate its selection system tools and validate specific job analysis information on the Intelligence Career Service positions to ensure that the selection system validation process complies with professional standards and legal guidelines.

Recruitment and Retention: The Directorate of Intelligence (DI) has shifted from a local recruiting model to a centralized, nationwide recruiting strategy. The DI now processes applicants centrally using the FBI jobs system and conducts regional events to interview and process successful applicants. Each new hire must sign a mobility agreement so that IAs, Language Analysts, and Surveillance Specialists can be redeployed consistent with the needs of the enterprise.

The DI has refined its competency-based recruitment strategy to target and provide incentives to applicants with critical skills in intelligence, foreign languages, technology, area studies, and other specialties. In addition, the DI is initiating a targeted recruitment strategy that blends national requirements of the Office of the Director of National Intelligence (ODNI) and mission priorities of the FBI. The strategy will address 12 target areas and four geographic regions as they apply to the Intelligence Career Service.

Finally, the DI continues to use the Pat Roberts Intelligence Scholars Program, which offers $25,000 scholarships to current FBI IAs to help fund their past, current, or future studies in a specialized critical skill or area of specialty the FBI deems critical. The purpose of this U.S. Intelligence Community (USIC) program is to enhance the FBI's retention of IAs with specialized critical skills. In 2007, the FBI awarded 16 scholarships to IAs and Language Analysts.

Training: To establish core intelligence training consistent with FBI's current mission, the DI, in collaboration with the Training Division and subject-matter experts, developed the Intelligence Basic Course (IBC) for new IAs and is in the process of developing the Leading Analysis Course for the supervisors of analysts. The FBI piloted the 10-week IBC for new IAs in June 2007, with the second iteration underway as of October 1, 2007. This course is based upon the ODNI competencies and adopts best practices of established Intelligence Community (IC) training—in particular, the Kent School at the Central Intelligence Agency (CIA). IBC focuses on the basic analytic tradecraft skills that will help IAs to produce more fully developed, forward-leaning analysis and deliver it effectively to a range of consumers.

To complement the IBC, a 2-week Leading Analysis Course is under development. This course will provide supervisors of IAs with a set of tools and managerial techniques they can use to enhance the rigor and quality of the analytic products generated by their offices. The course will address such issues as the role of analysis in the intelligence cycle, categorizing various types of analysis, avoiding analytic traps and mindsets, selecting and characterizing evidence, meeting the needs of various customers, the elements of effective warning, and understanding analysts and their core competencies. The Leading Analysis Course will be mandatory for all IA supervisors.

Regarding counterterrorism training in particular, New Agent Training recently has been modified to provide 100 additional hours of training in all national security-related areas. The FBI's Counterterrorism Division (CTD) and the U.S. Military Academy's Combating Terrorism Center have established a collaborative effort to develop a counterterrorism curriculum, exchange instructors, and work on knowledge development projects. This collaborative effort includes providing training to Joint Terrorism Task Forces (JTTFs), hosting a Counterterrorism Leadership Retreat, developing and delivering instruction to new agent trainees, continuing to develop FBI case studies, and creating a counterterrorism textbook.

Several initiatives are underway to enhance the working relationship between agents and analysts. Currently, senior agents and analysts attend a Navigating Strategic Change course that was developed for the FBI by the Kellogg School of Business. This collaborative learning experience was designed to highlight the complementary, but unique roles of the agent and analyst. In an effort to reach new agents and analysts, the FBI has improved the new agent and new analyst capstone training. This revised training exercise is led by experienced analyst and agent instructors. Most importantly, when new agent and new analyst training schedules do not coincide, analysts from field offices and FBIHQ participate in this exercise with the new agent trainees.

Issue: Although the FBI recently has made progress in improving the management of its IT upgrades, it will not benefit from a fully functional case management system for at least 2 more years.

Action: SENTINEL, a four-phased program, will provide FBI employees with its next-generation information sharing and case management system. Each phase will introduce new capabilities and provide greater access to existing information. Phase 1 of the SENTINEL system was deployed Bureau-wide in mid-June 2007. SENTINEL now provides a user-friendly, web-based interface to access information currently in the FBI's Automated Case Support (ACS) system. Information is pushed to users and is available through hyperlinks, putting more information at their fingertips and moving employees away from dependence on paper-based files.

The FBI has adopted an incremental development approach for Phases 2-4 to provide more rapid development and deployment of capabilities to users. This will reduce in scope and/or eliminate other duplicative projects planned or underway that could not afford to wait until SENTINEL reached its final operating capability (FOC). It also reduces the task of creating costly custom, throwaway code needed for ACS and SENTINEL to interact simultaneously while SENTINEL steadily assumes ACS services.

Phase 2, projected to be released in segments from October 2007 to July 2009, will introduce the Administrative Case Management capability to be able to open, close, and serialize documents to an administrative case (available toward the end of the final segment). Another capability will be the FBI Enterprise Portal, the main entry point for all FBI applications for FBI Enterprise users. It will provide links to information on applications, personal spaces (My Documents), e-mail, news, and SENTINEL functionalities.

Phase 3 will provide indexing and enhanced search capabilities, scanning capabilities, and deploying of a user-based forms tool. The system will reach full operating capability in Phase 4.

Issue: There have been serious failures of accountability in the FBI's misuse of national security letter (NSL) authorities. The FBI did not provide adequate guidance, controls, or training on the use of sensitive NSL authorities, and the FBI's oversight of NSLs was inconsistent and insufficient.

Action: Addressed in "Civil Rights and Civil Liberties" Section.

<u>Issue</u>: Congress and Department managers use terrorism-related statistics to make funding and operational decisions. Twenty of twenty-six statistics tested by the OIG were significantly overstated or understated. The Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported. The Department's collection and reporting of terrorism-related statistics were decentralized and haphazard. Department officials either had not established internal controls to ensure the statistics were accurately gathered, classified, and reported or did not document the internal controls used.

<u>Action</u>: NSD is responsible for nine of the statistics the OIG addressed. The Department consistently has used statistics compiled by the Counterterrorism Section – formerly part of the Criminal Division and now in the National Security Division (NSD) – when publicly quantifying its terrorism prosecutions and cases. These statistics represent defendants charged in terrorism or terrorism-related criminal cases with an international nexus which are tracked by the NSD. These cases have arisen from investigations, conducted primarily after September 11, 2001, that initially appeared to have an international connection, including certain investigations conducted by the FBI's JTTFs and other cases involving individuals associated with international terrorists or Foreign Terrorist Organizations. The Criminal Division began tracking these cases during the nationwide PENTTBOM investigation of the September 11, 2001, attacks. The initial cases tracked involved individuals identified and detained in the course of that investigation and subsequently charged with a criminal offense, though often not a key terrorism offense. Additional individuals have been added who, at the time of charging, appeared to have a connection to terrorism, even if they were not charged with a terrorism offense.

The OIG ultimately found that the Counterterrorism Section provided documentation that either accurately stated or, at times, understated the number of terrorism-related defendants or matters. While the records supporting the nine statistics maintained by the Counterterrorism Section (and that the OIG examined) initially were incomplete in some respects, the NSD reconstructed the data to support these nine statistics from objective resources, including the Automated Case Tracking System (ACTS), the Daily Report, and PACER, demonstrating that NSD had sufficient controls in place to provide the true picture.

The NSD's Counterterrorism Section has improved the procedures for gathering, verifying, and reporting terrorism-related statistics, already implementing many of the IG's recommendations. The decision to add defendants to the statistical chart is made on a case by case basis. In general, those charged with Category 1 offenses (as denoted in the *United States Attorneys' Manual*, USAM § 9.2-136) are added. Defendants charged with violating a variety of other statutes also are tracked on the chart if the cases at the time of charging appear to be terrorism-related cases with an international nexus. These cases may charge statutes listed in Category 2 of USAM § 9.2-136, as well as many other offenses including, but not limited to, fraud offenses, immigration offenses, firearms charges, drug crimes, false statements, perjury, and obstruction offenses, as well as general conspiracy charges under 18 U.S.C. § 371. The chart contains individuals who, at the time of charging, appeared to have a connection to terrorism, even if they were not charged with a terrorism offense. The chart is updated on a daily or weekly basis according to very specific procedures. Additions to the chart are reviewed (and approved), as necessary/appropriate, by the Deputy Chief for Policy, Legislation and Planning in consultation with the Chief.

The FBI has made tremendous strides toward improving the systems and internal controls related to terrorism reporting. The core elements of the FBI's statistical reporting system are the case management and supporting IT systems. The FBI's ongoing enhancements to these systems, most commonly referred to as the SENTINEL project, serve as an integral part of its efforts to improve statistical reporting.

In addition to the above-mentioned improvements, one effort of note is the recent establishment of the CTD's Strategy, Communication and Policy Management Office (SCPMO). A major objective of this office will be to formulate and publish defined statistical policy and procedure guidelines governing the gathering, verifying, and reporting of terrorism-related statistics. The SCPMO will act as a central repository for terrorism-related statistics and will be able to verify accuracy based on past statistical trends.

Another effort of note is the implementation of the case review process. This process involves a review by officials at FBIHQ and DOJ of each pending investigation every 90 to 120 days. This review looks at investigative findings and facilitates a discussion with each field office on its investigative plan and effort to mitigate any potential threat to national security. Along with periodically reviewing the background, elements, and progress of each counterterrorism case, a thorough analysis of the case's statistical accomplishment is conducted.

The Executive Office for U.S. Attorneys (EOUSA)/U.S. Attorneys have responded to each of the IG's recommendations. The IG has formally agreed that the actions EOUSA has taken have resolved the issue and considers the issue closed.

2. Restoring Confidence in the Department of Justice

2. Restoring Confidence in the Department of Justice An immediate challenge facing DOJ leadership is the need to restore confidence in the Department and its operations, both with Department employees and with the public.

Issue: The Department has faced significant criticism of its actions and ongoing congressional and internal investigations on a variety of topics, including the removal of U.S. Attorneys and allegations of improper hiring practices for career attorney positions at the Department. These and other allegations regarding the integrity and independence of the Department have affected the morale of Department employees and public confidence in the decisions of Department leaders.

Action: Senior Management Offices take very seriously any allegations of wrongdoing in the Department. In order to avoid the appearance of impropriety and to protect the Department from suggestions of improper bias, former Attorney General Gonzales referred allegations of wrongdoing. The Department's OIG and Office of Professional Responsibility (OPR) are conducting a joint investigation of those allegations. Since the referral, the Office of the Attorney General (OAG) and Office of the Deputy Attorney General (ODAG) have fully supported that joint investigation.

Furthermore, while awaiting the findings of the OIG and OPR investigations, the Department has taken a number of steps to change procedures and policies to ensure that some of the previous mistakes do not reoccur. For example, within the previous 7 months, the Department:

- Revised the process by which Board of Immigration Appeals Judges and Immigration Judges are appointed;
- Revised the hiring process for the Honors Program and Summer Law Interns Program;
- Directed EOUSA to ensure that the vetting process for the hiring of Assistant U.S. Attorneys (AUSAs) by interim and Acting United States Attorneys remains within EOUSA and not with political appointees in the senior management offices.
- Rescinded the internal OAG delegation order and amended the Code of Federal Regulations (CFR) to allow for that change;
- Instituted new training about hiring practices and procedures for all political appointees; and
- Undertook a process to review and revise the policy governing communications between the Department and the White House.

Issue: Recent resignations by the Attorney General, the Deputy Attorney General, and the Associate Attorney General leave the Department without any of its three most senior Senate-confirmed leaders. As of October 1, 2007, only three of the Department's eleven presidentially appointed Assistant Attorney General (AAG) positions were filled by Senate-confirmed appointees. Further, 23 of the 93 U.S. Attorney positions were occupied by interim or acting U.S. Attorneys. Vacancies in many key leadership positions have resulted in delayed decision-making or lack of decision-making on a variety of important issues.

Action: Although the Department also would like to see Senate-confirmed appointees in every AAG position, the Senior Management Offices disagree with the proposition that vacancies have affected decision making within the Department. Each Department component has an officer, whether confirmed or not, who is providing leadership and ensuring that important issues are addressed. The President has nominated a number of qualified individuals to serve in important posts, including Attorney General; Director of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); and Assistant Attorney General, Environment and Natural Resources Division. Regardless of how long the confirmation process may take, the critical work of the Department will continue and the men and women serving in leadership positions will work tirelessly to ensure the right decisions are made. The results that the Department has achieved, and continues to achieve, demonstrate that important issues continue to be addressed and resolved in a timely and appropriate manner.

3. Financial Management and Systems

3. Financial Management and Systems: The most important challenge facing the Department in this area is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

Issue: The Department lacks sufficient automated systems to readily support ongoing accounting operations and preparation of financial statements. The Department has placed great reliance on the planned Unified Financial Management System (UFMS) as the fix for many of its automation issues. The UFMS is intended to standardize and integrate financial processes and systems to more efficiently support accounting operations, facilitate preparation of financial statements, and streamline audit processes. It also will enable the Department to exercise real-time centralized financial management oversight while maintaining decentralized financial management execution. However, 3 years after the Department selected a vendor for the unified system, it has made little progress in deploying the UFMS. The Department notes that problems with funding, staff turnover, and other competing priorities have caused the delays in implementing the UFMS.

Action: During FY 2007, DOJ continued to demonstrate progress toward development and deployment of a core financial system, UFMS, throughout the Department. The UFMS will enhance financial management and program performance reporting by making financial and program information more timely, relevant, and accessible.

In the past year, UFMS delivered a fully tested and government accepted Foundation Build 1.0. This is the core functionality of UFMS that will be deployed to each component. It includes 28 standard financial management and procurement business processes, reference data, interfaces, reports, and system architecture features needed to: 1) implement core financial management and procurement functions, 2) maintain unified interface and data standards, and 3) support standard Departmentwide and common component reporting needs. Specifically, it includes core financial management and procurement software modules (e.g., General Ledger, Accounts Payable, and Acquisitions), the Foundation Build Framework (e.g., Administration Tools), interfaces (e.g., Payroll), processes (e.g., Purchase Card, Budget Execution), reference data (e.g., Interest Reason Codes), standard departmentwide reports (e.g., Fund Status), and an operational data store.

Additional accomplishments in FY 2007 include the completion of planning activities at the Asset Forfeiture Program (AFP) and the Drug Enforcement Administration (DEA), both having recently transitioned into a full implementation phase. The AFP pilot is scheduled to go "live" in November 2007 and DEA is scheduled to go "live" in October 2008. Planning also is underway at the FBI, with plans to begin full implementation efforts in early 2008.

Plans for the UFMS include that system implementation will be conducted in three waves. Wave I already is underway; it includes AFP Phase 1 (pilot), DEA, and the FBI. Future component implementation plans in Wave II include ATF; the U.S. Marshals Service; and AFP (Phase 2). Wave III will follow with the Office of Justice Programs (OJP), the Federal Bureau of Prisons (BOP), and the Offices, Boards, and Divisions (OBDs). The UFMS Program Management Office (PMO), in conjunction with the Justice Management Division's (JMD) Finance Staff, currently is evaluating opportunities to implement a number of offices within the OBD's in Wave II in early FY 2009.

To help ensure the success of the UFMS program, the PMO receives guidance from the Department's senior leadership and employs the consultation of an Independent Verification and Validation contractor. Additionally, the UFMS PMO briefs and solicits the advice of the Office of Management and Budget (OMB) on a monthly basis.

4. Grant Management

4. Grant Management: Grant management is a continuing top challenge, with the Department awarding approximately $3 billion in grants in FY 2007 and approximately $23 billion in the previous 7 years.

Issue: During 2007, the Office of Community Oriented Policing Services (COPS) improved its grant closeout process. However, OJP and the Office of Violence Against Women (OVW) still need to implement procedures to ensure that grants are closed within 6 months after the grant end date and that grantees are prohibited from drawing down grant funds after the end of the 90-day liquidation period unless an extension is requested by the grantee and approved by the awarding agency.

Action: The OIG's report regarding grant closeout management was based on the status of expired grants as of December 2005. The issues mentioned in the report were issues that OJP already had acknowledged as areas of concern and had been taking many efforts to improve. During FY 2007, OJP continued its aggressive grant closeout initiatives, which resulted in improved policies and procedures for financial and programmatic closeout, implementation of a grant closeout module in OJP's web-based Grants Management System (GMS), and closure of over 7,000 OJP and OVW grant awards. As noted in correspondence from the OIG dated June 8, 2007, the OIG considered the audit recommendations regarding grant closeout as resolved, as OJP management and the OIG have agreed that corrective actions already implemented and planned would address the audit recommendations.

In FY 2004, OVW became a stand-alone component, separate from OJP, and became responsible for such functions as tracking its own grant closeout status, assuring the quality of its closeout documentation, and following up with grantees for required final closeout report submissions. Other services are still performed by OJP's Office of the Comptroller (OC) via contract to OVW, and the division into separate components has resulted in changes to the manner in which the two entities share information.

Regarding the grant close-out process, in FY 2006, OVW conducted an internal evaluation it, leading to revisions in FYs 2006 and 2007. OVW revamped and streamlined its internal closeout process to minimize the time lapse between grant end dates and closeout dates. Enhancements included: improving the information flow; developing a "Closeout Desk Guide" to standardize and streamline the internal closeout process; developing a closeout tracking tool which allows management to track OVW's closeouts and monitor progress according to various programs and other criteria; and, dedicating specific staff resources to the closeout process. OVW continues to work with OJP's OC to improve the overall process.

OVW understands that it must take additional measures, both internally and externally, to discharge its obligation to promptly close out grants. In FY 2007 OVW began using the new close out feature of the GMS. As of October 1, 2007, OVW had closed out more than 1,200 additional grants using this new feature and had approved more than 250 additional close-outs, which are in-process at OJP. OVW continues reengineering its closeout process so that expired grants will be closed within 6 months of the end date.

OVW has developed automated processes, using data provided by OJP, to identify and track grants that are approaching and past the grant expiration date on a graduated scale based on regulatory guidance. As part of this process, OVW has integrated a quality review of expired grant file documentation to ensure that all required forms have been submitted for programmatic and financial closeout. In addition, items identified through status tracking and quality reviews are used as a basis for grantee outreach and follow-up to facilitate timely closeout. These initiatives have necessitated increased data sharing, communication, and collaboration between OJP and OVW that will result in improved grant closeout compliance within 6 months of the grant end date.

In FY 2007, OVW began using another improved feature of GMS – the automatic cut off for all draw downs once the 90-day liquidation period ends, unless an extension is approved. This cut off also applies to grantees with unacceptably delinquent cost reports. These enhancements, coupled with an ongoing management focus on improving close-outs, are yielding significant results for OVW in this area.

Issue: OJP continues to experience problems with oversight of its grant programs, including problems with the improper use of grant funds, difficulties in meeting grant objectives, and poor performance measurement of grant effectiveness.

Action: OJP's current grant portfolio consists of approximately 20,000 active grants totaling $12.4 billion. OJP is aware of only a relatively small number of grants that have undergone an OIG investigation, and some of those grants were referred by OJP to the OIG as a result of issues identified through OJP's grant oversight. For example, during FY 2007, OJP referred five grantees (10 grants) to the OIG's Investigations Division, of which three grantees currently are under investigation. Beginning in FY 2007, OJP and the OIG held meetings to identify monitoring visit findings that should be investigated by the OIG. Based on the positive outcome of the meetings, OJP and the OIG agreed that they would continue meeting during FY 2008.

Whenever potential or actual improper use of grant funds is identified through OJP's financial and programmatic monitoring, single audits, or OIG grant audits, OJP quickly works with the grantees to ensure that they address issues related to improper use of funds. Further, in support of the Department's National Procurements Fraud Task Force Grant Fraud Committee, during FY 2007, OJP referred seven grantees to the OIG for an internal control review because of concerns with the grantees' administration of grant funds.

Issue: During the past year, OJP made little progress in staffing its new Office of Audit, Assessment, and Management (OAAM). Created by Congress, this office was intended to improve internal controls and streamline and standardize grant management policies and procedures across OJP.

Action: Congress approved the latest organizational structure of OJP, which includes the new OAAM, in April 2007. In addition to the accomplishments the OIG mentioned, OJP implemented many other improvements that further the mission of OAAM. The improvements include: (1) tightening controls to improve progress report submission by instituting automatic system holds on grant fund drawdowns when grantees are delinquent in submitting progress reports; this prompted the submission of over 50 percent of the 1,400 delinquent June 30, 2007, semi-annual progress reports; (2) facilitating grant management training for over 400 OJP grant managers to emphasize effective post-award program management strategies and practices; (3) working with COPS to create a joint programmatic and financial monitoring plan; and (4) exceeding the statutory 10 percent monitoring requirement by programmatically and fiscally monitoring over $1.2 billion of open awards in coordination with COPS. Also, in October 2007, the Deputy Director for the Grants Management Division entered on duty, and the four vacant positions in the Audit and Review Division have been filled.

5. Violent Crime

5. Violent Crime: The Department faces a significant challenge in reducing the recent rise in violent crime while shifting substantial resources from its criminal investigations to meet its counterterrorism-related responsibilities.

Issue: The FBI has reported that it has been working to update its resource utilization practices to more precisely match its investigative needs. The FBI also said that it continues to modify its strategic planning methods to ensure that future resource allocations more closely meet field investigative demands. Specifically, in FY 2006, the FBI began a new strategic planning initiative called the Strategic Management System (SMS) to integrate strategic planning across operational and administrative areas. However, the FBI has not yet implemented SMS throughout all of its programs.

Action: The FBI has undertaken an organization-wide effort to incorporate the Balanced Scorecard/SMS Bureau-wide. This effort is focused on identifying customer expectations, strategic objectives, performance measures; and strategic initiatives. SMS sustainment includes institutionalizing systems to ensure that programs are managed to this "strategy map." As of October 2007, key components of each operational division at FBIHQ, as well as the Director's Strategic Leadership Team, have engaged in the development and sustainment of the SMS process. Further, efforts are currently underway to incorporate the SMS framework and resulting strategy maps into both the inspection and budgeting process at the FBI. As of September 2007, a corporate-level "Strategy Execution Team" has been put in place to enhance implementation of the most critical of those initiatives identified by the SMS process.

Issue: The OIG found that coordination efforts among the Department's four law enforcement components were not fully effective at preventing duplication of efforts by their violent crime task forces. The Department issued a new policy in May 2007 in response to the OIG report, that requires all U.S. Attorneys to report to the Department on violent crime task force coordination efforts, coordination problems, and guidance or policies adopted or revised to address the problems.

Action: Thirty-two U.S. Attorney's Offices have confirmed that only one violent crime task force is operating in their district. Thirty-three U.S. Attorney's Offices have convened meetings in their districts to address coordination and deconfliction issues. All but one of the remaining districts reported that co-location and regular meetings enable them to resolve these issues. One district has requested assistance from Washington, and the ODAG has reached out to that U.S. Attorney's Office. As a result of the coordination meetings, twenty-three districts have implemented policies and procedures with regard to task force coordination and deconfliction; other districts already had adequate policies and procedures in place.

Issue: In May 2006, an OIG evaluation concluded that while ATF's Violent Crime Impact Teams (VCIT), which seek to decrease homicides and other violent firearm crimes in targeted urban areas, may be an effective tool to reduce violent crime in target areas, there was inconsistent application by ATF of key elements of the VCIT strategy. In light of ATF's planned expansion of the VCIT initiative from 25 to 30 cities in 2008, a specific challenge for the Department is to fully implement VCIT as designed and to evaluate VCIT in order to gauge its effectiveness.

Action: In 2007, the Department announced the addition of four additional VCITs across the country, raising the total number of cities with teams from 25 to 29. Since the VCIT launch in 2004, the Teams have arrested more than 12,100 gang members, drug dealers, felons in possession of firearms, and other violent criminals, including over 2,200 identified as "worst of the worst" criminals. Also, VCITs have recovered more than 14,700 firearms.

To ensure that ATF consistently applies the VCIT program's key elements, ATF conducts semiannual surveys to evaluate the VCIT's consistent use of best practices and to solicit additional best practices. Also, ATF has developed a training course for VCIT field managers and staff on tailoring best practices to local conditions, reporting required information to Headquarters, and performing local evaluations of performance.

ATF has assigned an analyst to support the VCIT program, to continually gauge its effectiveness, and to coordinate a consistent message to VCITs across the country. The analyst analyzes VCIT workload statistics, activity narratives, and crime data from the target areas and has implemented a strategy ("VCIT Top Gun") to identify and highlight VCIT performance and achievements.

6. Detention and Incarceration

6. Detention and Incarceration: In order to meet its goal of providing a safe, secure, and humane confinement environment, the Department must achieve sufficient and economical prison and detention space, properly trained correctional officers, and appropriate management of high-risk inmates to protect the public from further criminal activities and to protect staff and inmates from harm.

Issue: The OIG believes the Department could realize significant cost savings if it addressed deficiencies in how prices are set in individual Intergovernmental Agreements (IGAs) with state and local agencies for detention bed space. It appears that the Office of the Federal Detention Trustee's

(OFDT) revamping of the IGA pricing process through a pricing model known as eIGA may result in the Department paying higher jail-day rates than necessary. The OIG has also encouraged the Department to attempt to recover prior overpayments made to state and local jails.

Action: The Department views the basis of eIGA differently than the OIG does. The eIGA is designed to reach a fair and reasonable price for fixed-rate agreements based on price analysis conducted by comparing similar jails and operations. Price analysis supports a negotiation position that provides the Government and the jailer with an opportunity to reach agreement on a fair and reasonable price, providing the greatest incentive for efficient and economical performance. (A fair and reasonable price does not require that agreement be reached on every element of cost.) In the eIGA process, Federal Government negotiators establish a fair and reasonable price by evaluating the offered rate, comparing it to the eIGA Core Rate (government estimate); rates at other federal, state, and/or local facilities; previously proposed rates; and previous Government private jail contract prices.

The previous method of determining the IGA rate – and rate increases – was based on cost, and it provided the jailers with an opportunity to increase cost and receive higher jail rates. Regardless of the reasonableness of the cost, as long as it was actual and allowable, the Federal Government would reimburse the jail facility. The eIGA method, on the other hand, provides maximum incentive for the jailer to control costs and perform effectively, and imposes a minimum administrative burden upon each party.

With regard to "overpayments made to state and local jails," the OFDT maintains that the agreements incorporated a "fixed rate." As such, the agreements with the state and local governments were negotiated, fixed-price agreements for the period in question, and binding to the parties. OFDT believes that, in the absence of fraud, the agreements are not subject to retroactive adjustment. Accordingly, as the OIG acknowledges, the Department's Civil Division is reviewing the IGAs in question to determine if fraud or other facts warrant legal recovery.

While the OIG believes it is necessary to understand a jail facility's "actual costs," collecting such information is not necessary when establishing a fixed-rate agreement based on price reasonableness. Regardless, OFDT has modified eIGA to collect the elements identified by the OIG, namely, average daily costs, indirect costs, and certain revenue. Further, OFDT has ensured that the eIGA negotiators received training in price-reasonableness as well as in the proper use of the additional collected cost information during negotiations with the facility.

The OIG's *Top Management and Performance Challenges in the Department of Justice – 2007* document states the average daily population in detention space is expected to increase from the current 56,000 detainees to 63,145 in FY 2008. The latest projections show that the anticipated average daily population for FY 2008 will be less than 60,000.

Issue: The Department should ensure that employees who work in the correctional environment benefit from appropriate safety precautions. More than 15 months after OIG Special Agent William "Buddy" Sentner was shot and killed by a BOP correctional officer who brought a gun into a federal prison in Florida, the BOP has not yet implemented basic security measures such as requiring all staff to pass through a metal detector before entering a BOP facility.

Action: BOP continues to progress towards implementing a policy that requires all staff entering institutions to pass through metal detectors and have their belongings examined by an x-ray device. On July 6, 2007, federal regulations authorizing these actions to occur randomly became effective. (See 72 FR 31178-01.) The agency is engaged in its statutory obligation to bargain with the union over the impact and implementation of the search procedures on bargaining unit staff.

Issue: Sexual abuse of inmates by BOP staff remains a problem in BOP facilities. An April 2005 OIG report highlighted the problem of sexual abuse of inmates and deficiencies in federal law that result in lenient sentences or unprosecuted cases. Congress enacted legislation in 2006 that increased the penalties and broadened federal jurisdiction for prosecuting staff sexual abuse of federal inmates.

Action: BOP takes all allegations of sexual abuse seriously and will continue to investigate those suspected of sexual abuse of inmates. We have issued Program Statement 5324.06, *Sexually Abusive Behavior Prevention and Intervention*

Program, which provides guidelines to address sexual abuse of inmates. Specifically, it addresses the security, treatment, and management issues related to inmate victims and inmate and staff perpetrators. These issues are taught to all staff in annual refresher classes, introduction to supervision courses, and new Associate Wardens and Warden training. Psychologists and Chaplains also are provided extensive training.

7. Sharing of Intelligence and Law Enforcement Information

7. Sharing of Intelligence and Law Enforcement Information: The Department's efforts to upgrade its IT systems remain a key factor in its ability to more fully meet its information-sharing challenge, and the Department still faces significant challenges to ensure the timely, effective, and secure sharing of vital intelligence and law enforcement information.

Issue: Despite over 6 years of development and more than $195 million in funding, the OIG concluded that the Integrated Wireless Network (IWN) project does not appear to be on the path to providing the intended seamless interoperable communications system. The $5 billion joint project among the DOJ, the Department of Homeland Security (DHS), and the Department of Treasury is intended to address federal law enforcement requirements to communicate across agencies, allow interoperability with state and local law enforcement partners, and meet mandates to use federal radio frequency spectrum more efficiently. The causes for the high risk of project failure include uncertain and disparate funding mechanisms for IWN, the fractured partnership between the Department and DHS on IWN, and the lack of an effective governing structure for the project.

Action: The Department supports the IWN program as the most appropriate strategy for providing DOJ agents with secure, reliable, and interoperable communications in the field, and has been working diligently to address the valid concerns regarding funding and the interagency partnership raised in the OIG's March 26, 2007, report. Specifically, DOJ is doing the following:

- In addition to traditional land mobile radio law enforcement solutions, the Department has been actively assessing alternative, less costly wireless technologies that can be deployed through the IWN program. It is likely that DOJ will implement a hybrid of several technologies to meet agent communications needs in a cost-effective manner. Regardless of the technology chosen, the IWN is a capital intensive program; it will require significant investments over multiple years. DOJ will continue to work with its law enforcement components and OMB to identify a strategy to provide a practical and sustainable level of funding for the program.

- Senior Department officials have worked with counterparts from DHS to develop a new interagency partnership agreement that accounts for the operational requirements and internal management strategies of the participating agencies. This agreement stresses commitment to achieve effective interoperability among and between federal, state, and local law enforcement/homeland security agents, as well as cost efficiency through practical sharing of resources. On August 23, 2007, the Deputy Secretary for Homeland Security, signed the *Memorandum of Understanding between the Department of Justice, Department of the Treasury, and the Department of Homeland Security regarding Joint Wireless Programs*. Currently, the memorandum of understanding (MOU) is being reviewed by the Treasury's Deputy Secretary. DOJ is confident that this revised partnership will be ratified prior to 2008.

- When the above-mentioned MOU is ratified, it should address the OIG's concerns regarding no "practical mechanisms to resolve disagreements between the departments." Under the new agreement, project participation by agencies – including roles and responsibilities – will be determined at start-up. Furthermore, these projects will be governed by the Joint Wireless Programs Coordinating Council (JWP-CC) which will be comprised of the Chief Information Officer (CIO) from each Department, select executives from operating components, and other Department executives as designated by the Deputy Secretaries or the Deputy Attorney General (DAG). The JWP-CC will perform numerous oversight functions including conducting a quarterly program review and an annual overall assessment of joint wireless program activities. All decisions of the JWP-CC will be made by consensus and any issue that cannot be resolved will be referred to the Deputy Secretaries and the DAG for consideration.

The OIG's report also cited concerns regarding the frustrations of the radio program managers and senior managers from four DOJ components regarding IWN program delays, the nature of the IWN partnership, and their inability to influence IWN Executive Board decisions. In response, the Department has examined its relationship with the components and currently is offering new opportunities to involve them in IWN management decisions. In September 2007, the Department hosted a Wireless Summit for executive, technical, and field agent representatives from each DOJ law enforcement component. This two-day event addressed law enforcement requirements and future wireless technologies, and provided an overview of the IWN strategic plan. Based on the positive feed-back, the Department intends to make the Wireless Summit an annual event and currently is scheduling meetings with each component to discuss the future of the IWN and their role in the project.

8. Information Technology Systems Planning, Implementation, and Security

8. Information Technology Systems Planning, Implementation, and Security: If the Department is to build on the advances it has made in IT systems planning, implementation, and security, it must closely manage these projects to ensure the systems are cost-effective, well-run, secure, and successful in achieving their objectives.

Issue: The Department places excessive reliance on contractors to develop, monitor, and run internal Department systems. The OIG has found numerous systems run by contractors in which Department employees do not always understand either the mechanics or the overall processes required to make the systems perform as intended. For example, audits of the TSC and the Department's watchlisting processes found that contractors are performing a significant portion of the information systems management and data analysis.

Action: The TSC has an extremely competent, innovative, and highly qualified contract staff. Its successes are, in part, directly attributable to its ability to identify, hire, and retain outstanding contract employees. Many of these employees have brought cutting-edge technology and business practices that are found in the TSC's software development methodology, standard operating procedures, and organizational structure. The TSC has created a one-badge atmosphere where contract staff and government employees of all agencies are treated equally, contributing to high morale and enhanced mission focus.

It is important to note the OIG did not criticize the TSC's use of contract staff in its recent audit. The TSC has grown from an operation of approximately 10 individuals in 2003 to more than 330 in 2007, with strategic growth plans pointing to more than 450 by the end of calendar year 2008 to meet increased watchlisting demands from the private sector and foreign partners, and to accommodate DHS's Secure Flight Program. The TSC is administered by the FBI, which is supplying 46 employees in support of it. Of the TSC's other signatory departments, only DHS has supplied it with more than two employees, committing to provide at least 45.

The TSC has taken great care in constructing its contracts, inserting key personnel clauses that allow the TSC to conduct in-depth interviews prior to the hiring of contract personnel. The TSC also has created an environment that fosters long-term retention of contract employees, creating continuity where many contract environments create turbulence. The TSC and the United States owe a great debt to the quality and performance of its contract staff, as well as its commitment to the mission of detecting and disrupting acts of terrorism.

The Department relies on contractors for a significant number of IT development and maintenance tasks – just as the construction business sub-contracts to specialists to pour cement and install plumbing – because it is the most cost-effective way to get results while managing the risk on large development efforts. However, for all large projects, the tasks that involve oversight (technical and cost) and direction setting always are staffed by government personnel. In addition, all large projects are subject to scrutiny by Executive Steering Committees which meet monthly or quarterly to review progress. The Department Investment Review Board (DIRB), co-chaired by the DAG and the CIO, oversees the high risk, high value programs, and meets regularly with programs that have the potential to miss deadlines or run over budget.

Issue: The cost information the Department provides on its IT systems to Congress, OMB, and senior management within the Department is unreliable. Specifically, IT system cost reporting within the Department is fragmented, uses inconsistent methodologies, and lacks control procedures necessary to ensure that cost data for IT systems is accurate and complete. The lack of complete and verifiable cost data undermines the effectiveness of oversight of IT projects by various entities, including the DIRB, Department and component CIOs, Congress, and OMB.

Action: The Finance Staff will work with the Office of the Chief Information Officer (OCIO) to review cost accounting policies and procedures that could be improved to ensure project teams at the component level report costs more accurately. A working group from the Chief Financial Officer (CFO) and OCIO staffs is being formed to evaluate existing Department and component policies and procedures for IT cost reporting, define the scope of work for improvement, and develop a work plan to address this recommendation. The group will clearly identify the meaning of "system costs" to Department management and, as required, answer the questions posed by DOJ external reports. A systemic solution to report costs uniformly in the various contexts will be predicated on the IT system boundaries, identification of data elements required at the transaction level in the accounting system, policies to require their incorporation, and system edits to require/validate them. The working group will meet in early November, with the objective of developing a plan of action by the end of the first quarter FY 2008.

9. Civil Rights and Civil Liberties

9. Civil Rights and Civil Liberties: Striking the appropriate balance between meeting its critical counterterrorism-related responsibilities and respecting civil rights, civil liberties, and privacy rights remains a key challenge for the Department.

Issue: An OIG review detailed significant improper or illegal uses of NSL authorities from 2003 through 2005, including violations involving the issuance of NSLs without proper authorization, improper requests under the statutes cited in the NSLs, and unauthorized collection of telephone or Internet e-mail transactional records. The OIG also identified many instances in which the FBI improperly obtained telephone toll billing records pursuant to more than 700 so-called "exigent letters" signed by personnel in the FBI's CTD without first issuing NSLs. The OIG found that the FBI's acquisition of this information circumvented the requirements of the NSL statute, violated the Attorney General's Guidelines, and contravened internal FBI policy. The OIG also found that the FBI issued some of these "exigent letters" in non-emergency circumstances, failed to ensure that there were duly authorized investigations to which the requests could be tied, and failed to ensure that NSLs were issued promptly after the "exigent letters" were sent. Moreover, the letters inaccurately represented that the FBI had already requested subpoenas for the information when, in fact, it had not. The FBI concurred with all of the OIG's recommendations and agreed to implement corrective actions. In addition, the Attorney General directed the Department's NSD and the Privacy and Civil Liberties Office (PCLO) to work with the FBI to implement corrective actions.

Action: The Department continually examines the policies and procedures related to various law enforcement activities, including counterterrorism investigations, to ensure appropriate safeguards for privacy and civil liberties exist and are perpetually improved. At the direction of the Attorney General, the NSD and PCLO have worked closely with the FBI to take corrective actions regarding the use of NSLs. Both the NSD and PCLO participate in a joint DOJ/ODNI working group to examine how NSL-derived information is used and retained by the FBI. Both also contribute to national security reviews of FBI field offices and Headquarters. These regular reviews represent a new level and type of oversight of national security investigations by career DOJ lawyers with years of intelligence and law enforcement experience.

NSD is establishing a dedicated Oversight Section within its Office of Intelligence, consisting of attorneys and staff members specifically dedicated to ensuring that the Department fulfills its national security oversight responsibilities across the board. NSD's Oversight Section also is responsible for reviewing all FBI referrals of Intelligence Oversight Board (IOB) violations in order to identify recurring problems and to assess the FBI's response to such violations. The

NSD's review effort focuses on whether the IOB referrals suggest that a change in policy, training, or oversight mechanisms is required. NSD reports semiannually to the Attorney General on such referrals and has been directed to inform the Department's Chief Privacy and Civil Liberties Officer of any referral that raises serious civil liberties or privacy issues.

The FBI also is increasing its focus on compliance with laws, rules, and regulations through its newly established Office of Integrity and Compliance. This Office will promote compliance in all FBI programs and activities. There is more detail about this office in the following discussion.

In its March 9, 2007, report, the OIG made 10 recommendations to the FBI. The FBI agreed to all of them. Below are the recommendations (shown in italics), followed by a description of the response to each. Following that are descriptions of additional measures taken since the issuance of the report.

Require all Headquarters and field personnel who are authorized to issue NSLs to create a control file for the purpose of retaining signed copies of all NSLs they issue.

The Deputy Director and General Counsel, in a call to the field, mandated that signed copies of NSLs be retained by issuing divisions. A Records Management Division (RMD) electronic communication (EC), dated March 9, 2007, also mandated that signed copies of NSLs be retained in the relevant investigative file. The requirement that signed copies of NSLs be retained is reiterated in a June 1, 2007, Office of General Counsel (OGC) EC providing comprehensive guidance on NSLs.

In addition, the RMD EC mandates that NSLs be uploaded into ACS as an NSL "document type." The NSL "document type" has been created in ACS to facilitate recordkeeping and reporting. With this new document type, NSLs can now be sorted and counted by field office in ACS. This reporting capability will be used to help verify current NSL reporting and will assist in NSL reviews.

Improve the FBI-OGC NSL tracking database to ensure that it captures timely, complete, and accurate data on NSLs and NSL requests.

Improve the FBI-OGC NSL database to include data reflecting NSL requests for information about individuals who are not the investigative subjects but are the targets of NSL requests.

In the short-term, OGC, National Security Law Branch (NSLB) has corrected deficiencies in the existing database found in the course of the OIG review. NSLB has made all fields pertinent to reporting and tracking mandatory entry fields, ensuring that data is entered in all pertinent fields. NSLB has also changed the default on US Person status to "US Person" as opposed to "Non-US Person," and changed the default on number of requests to "1" as opposed to "0." These changes should reduce the potential for error inherent in the database.

NSLB also has assigned additional personnel to the task of entering data into the database. The additional personnel have helped to relieve the burden of data entry and allow for additional time to enter data and therefore to take additional care to ensure that entry is correct. NSLB has conducted training for all personnel who enter data into the database to ensure that they understand the data that is being entered and can recognize when incorrect data has been provided for entry. The training also emphasized the use of the data, including the reporting requirements, to reinforce the need for error-free entry.

Ten analysts reviewed a 10 percent sampling of the data in the OGC NSL database. This review compared those records found in the database to those found in ACS and results indicate that NSLs have been underreported in the database. Those errors identified which relate to information not yet reported to Congress have been corrected.

In an EC dated March 16, 2007, the Deputy Director mandated that field offices conduct monthly counts of NSLs issued in order to reconcile numbers contained in the OGC database. These monthly counts, which began in April, are being compared to data in the OGC database to determine any inaccuracies in the database. Any discrepancies are being reconciled. Discrepancies are being used to correct systematic issues and to improve guidance and training on NSL reporting, both to the field and to Headquarters personnel involved in NSL reporting data entry. This monthly count will continue until the NSL sub-system to the Foreign Intelligence Surveillance Act (FISA) Management System (FISAMS), discussed below, comes online.

In the long-term, the FISA Unit of NSLB has developed an NSL sub-system in the FISAMS to address reporting and other issues in the NSL process. This sub-system prompts the drafter to enter information about the subject, the predication for the NSL, the type of NSL, the companies and specific targets of the NSL. The sub-system routes the NSL request through the various required reviews in a fashion similar to the current FISA workflow in FISAMS. Upon completion of all approvals, the NSL sub-system generates the EC and the NSLs for signature by the Special Agent in Charge (SAC), Assistant Director in Charge (ADIC), or designated FBIHQ approving official. The system automatically uploads the EC and NSLs into ACS upon approval. All information necessary to produce the required Congressional reporting will be collected as part of this process. This sub-system has been deployed in several field offices and in FBIHQ. It is expected to be available Bureau-wide by the end of calendar year 2007.

Consider issuing additional guidance to field offices that will assist in identifying possible IOB violations arising from use of NSL authorities, such as:

(a) *Measures to reduce or eliminate typographical and other errors in NSLs so that the FBI does not collect unauthorized information*;

In its June 1, 2007, Comprehensive NSL EC, the OGC mandated that both the model NSL cover ECs and the model NSLs available on the NSLB website be used in the drafting of NSLs. Consistent use of these models should reduce the occurrence of typographical errors in NSLs and their cover ECs. New training also emphasizes the potential for over-collection due to typographical errors and the need to assure information is appropriately requested. In addition, the NSL sub-system of the FISAMS allows for the creation of NSLs and cover ECs based on a single entry of information. This feature should greatly reduce typographical errors inherent in the current manual process.

(b) *Best practices for identifying the receipt of unauthorized information in the response to NSLs due to third-party errors;*

In an EC dated January 3, 2007, OGC mandated that NSL-derived information be reviewed prior to uploading the information into any database. The Comprehensive NSL EC reiterates this policy, and the need to review NSL-derived information prior to uploading is included in NSL training. OGC and the National Security Branch (NSB) are reviewing the findings of the Inspection review of NSLs to determine if additional procedures or training would improve compliance regarding this issue.

(c) *Clarifying the distinctions between the two NSL authorities in the Fair Credit Reporting Act (15 U.S.C. §§ 1681u and 1681v) (FCRA); and*

In an EC dated March 5, 2007, OGC and the NSB clarified the distinction between sections 1681u and 1681v of the FCRA and mandated a review of NSLs issued under FCRA to determine if full credit reports were improperly requested or obtained by the FBI. In addition, NSL training includes this issue and emphasizes the need for an international terrorism nexus to a national security investigation in order for a full credit report request under 1681v to be proper. The distinction also is highlighted in the Comprehensive NSL EC. Moreover, all field offices were required to review all counterintelligence files to determine whether such NSLs had been issued. Any full credit reports that were improperly obtained were required to be removed from the files and potential IOBs were required to be reported. Approximately 300 potential IOB (PIOB) violations were reported as a result of this audit, review of which is ongoing.

(d) *Reinforcing internal FBI policy requiring that NSLs must be issued from investigative files, not from control files.*

In an EC dated February 23, 2007, OGC mandated that NSLs be issued from open investigative files, and the NSL cover EC must not refer solely to a control file number. This policy is reiterated in the Comprehensive NSL EC and is contained in NSL training.

Consider seeking legislative amendment to the Electronic Communications Privacy Act (ECPA) to define the phrase "telephone toll billing records information."

The FBI and DOJ have drafted a proposed amendment to clarify the phrase "telephone toll billing records information" in ECPA. This proposed language provides clear types of information the FBI can obtain pursuant to section 2709 of ECPA. The FBI previously has submitted similar proposals.

Consider measures that would enable FBI agents and analysts to:

a) Label or tag their use of information derived from NSLs in analytical intelligence products, and
b) Identify when and how often information derived from NSLs is provided to law enforcement authorities for use in criminal proceedings.

A DOJ/ODNI NSL Retention Working Group was formed to examine issues regarding NSL retention. Although this group found that tagging of NSL derived information was not feasible at this time, it has recommended that the FBI require NSL-derived information to be placed in an NSL specific sub-file of the investigative file.

Take steps to ensure that the FBI does not improperly issue exigent letters.

In a March 1, 2007, EC, OGC prohibited the use of so-called "exigent letters" and set forth procedures for obtaining ECPA protected information under 18 U.S.C. § 2702 in emergency situations. This policy is reiterated in the Comprehensive NSL EC and is included in NSL training. In the course of the FBI-wide special review, the Inspection Division (INSD) included questions designed to ascertain whether exigent letters were used beyond the Communications Analysis Unit (CAU). This review found no instances where exigent letters were used in the field.

Take steps to ensure that, where appropriate, the FBI makes requests for information in accordance with the requirements of NSL authorities.

The Comprehensive NSL EC contains information on the requirements of NSL authorities. In addition, NSL training contains the requirements of the NSL authorities. OGC and NSB will review the findings of the Inspection special review on NSLs to determine if additional procedures or training would improve compliance regarding this issue.

Implement measures to ensure that FBI-OGC is consulted about activities undertaken by FBI Headquarters NSB, including its operational support activities, that could generate requests for records from third parties that the FBI is authorized to obtain exclusively though the use of its NSL authorities.

The two units in NSLB overseeing counterterrorism operations remain imbedded with their respective Counterterrorism Sections. In addition, OGC mandated that NSLB attorneys involved in counterintelligence matters regularly attend operational meetings to provide legal advice and oversight. The Comprehensive NSL EC mandates that all NSLs and NSL cover ECs issued by Headquarters components be reviewed and approved by NSLB attorneys.

Ensure that Chief Division Counsel (CDC) and Assistant Division Counsel (ADC) provide close and independent review of requests to issue NSLs.

The Comprehensive NSL EC mandates that CDCs and ADCs provide independent legal review of NSLs. The EC states that the legal review is separate and independent from the investigative review conducted by SACs. The NSL training also emphasizes the requirement that legal review be conducted by CDCs, ADCs, or NSLB attorneys. In a March 15, 2007, conference call and follow on email, the General Counsel reminded all CDCs, and ADCs of their need to provide independent legal review of NSLs. SACs also have been informed of their role in the NSL approval process and their need to respect the independence of the CDCs and ADCs.

Additional Measures Taken

Ongoing Review of NSL Matters: In the course of the NSL Audit conducted in March 2007, the FBI INSD generated approximately 2100 "checklist" items. Of that number, the CDCs in the field offices determined approximately 600 were non-PIOBs and, thus, not reportable to FBIHQ. Nevertheless, OGC is reviewing the CDC's determinations in those instances to ensure accuracy. The approximately 1500 remaining have been or are being reported to FBIHQ for adjudication as PIOBs. Approximately 900 draft adjudications of these PIOBs have been written. In addition, the Director ordered an audit of all NSLs in counterintelligence investigations as to which either the FBI requested full-credit reports or the credit reporting agencies provided full-credit reports. This audit yielded more than 300 PIOBs, which OGC currently is adjudicating.

The 22 potential IOBs identified by the OIG have been adjudicated by NSLB and five were determined to be reportable to the IOB. NSLB is currently developing an analytic approach to IOB violations in order to identify historic trends. This approach will assist in developing and focusing future training.

Exigent Letter Reconciliation: The CTD, INSD, and NSLB continue to review those situations where exigent letters were used. In some instances, NSLs or grand jury subpoenas were issued after the exigent letters. NSLB is reviewing those files for legal sufficiency. In other cases, valid NSLs have not been issued and now may not be issued because the underlying investigation is closed and/or it has been determined that the records were not properly provided under circumstances satisfying ECPA's emergency disclosure provision. If a number is not relevant to a pending investigation nor was provided under an emergency situation, then subscriber and toll billing records received in response to an exigent letter will be purged from FBI files and databases. If either of those conditions are met, then the FBI may retain the relevant information. NSLB is reviewing an overarching PIOB for CAU's use of exigent letters. INSD is participating in a joint review with OIG regarding the use of exigent letters.

The FBI has devoted significant resources to this effort:

- A large group of FBI analysts is reviewing all of the exigent letters the FBI has copies of in order to determine whether, in fact, subsequent legal authority was issued to address the records obtained with an exigent letter. This initial review of the letters is complete, and these phone numbers have been sent to CTD and NSLB for additional review and action. To the extent there are records that have not yet been addressed, appropriate steps will be taken (i.e., if the records were relevant to an investigation and that investigation is still open, an NSL will be issued; if not, the records will be charged out of the system).

- NSLB and CTD are working together to correct the so-called "blanket NSLs" that were issued with respect to blocks of telephone numbers. These "blanket NSLs" were issued without an authorizing EC documenting the rationale for obtaining the underlying records. Where appropriate, CTD will issue corrective NSLs with supporting ECs to address records pertaining to the numbers listed on these "blanket NSLs." Thus far, six corrective NSLs have been issued to provide legal authority for the retention of the information. These corrective NSLs have been reviewed for legal sufficiency and are accompanied by ECs, in accordance with FBI policy. An additional five "blanket NSLs" are still under review. Similar action will be taken for those phone numbers contained in the exigent letters for which legal authority has not been found. Where the FBI can identify no legal basis for retaining records resulting from an exigent letter or "blanket NSL," those numbers will be removed from FBI files and databases.

Joint NSLB-NSD Reviews of NSL Use: OGC is meeting regularly with NSD to determine the best approach to FBI NSL policy and other aspects of national security law. NSD has been consulted on the development of new policy regarding NSLs to address issues revealed by the OIG report. In addition, NSD and NSLB will conduct at least 15 national security reviews of FBI field offices in calendar year 2007 which will include the use of NSLs. All these reviews are accompanied by NSL training. Additional funding of $60,000 was made available for the conduct of NSL reviews and NSL training in field offices. As of October 19, 2007, such reviews had been completed in 12 field offices (Little Rock, Charlotte, Milwaukee, New Orleans, New Haven, Albany, Knoxville, Cleveland, Jacksonville, Las Vegas, Memphis and Boston) and Headquarters.

Comprehensive Guidance: As mentioned above, OGC issued a June 1, 2007, EC providing an overview of FBI NSL policy and setting for new policies addressing issues raised by the OIG report. A draft of this policy was briefed to Congressional staff and privacy groups. The FBI incorporated comments from Congressional staff and privacy advocates in the final version of the policy. This policy will be converted from EC form to conform to the FBI's new Corporate Policy Directive format.

FBI NSL Working Group: The FBI OGC has formed a working group to facilitate the continued implementation of the OIG's recommendations, improve the NSL process, and identify issues involving the use and reporting of NSLs.

Increased NSL Training: NSLB has developed a new NSL training module incorporating the findings of the OIG. This training addresses the common errors discussed in the OIG report, such as typographical errors, confusion regarding 1681v, and legal review and approval. The training discusses the prohibition on the use of exigent letters and lays out procedures for properly obtaining information in emergency situations in accordance with 18 U.S.C. § 2702. OGC has mandated that all NSLB attorneys visiting field offices conduct NSL training during their visit. Since March of 2007, 23 of the FBI's 56 field offices and at least 2379 agents, analysts, and other employees involved in NSLs received live training from NSLB on NSL issues. While some Headquarters units had already received NSL training following the OIG report, mandatory training to personnel in the Counterterrorism, Counterintelligence, and Cyber Divisions was conducted in early May. NSLB and Training Division are currently developing an online virtual academy course on NSLs. Once developed, this training will be required for all personnel involved in drafting and approving NSLs and will supplement live training.

Increased Oversight Role: OGC has obtained two new SES positions within NSLB. One position will head a new section overseeing operational aspects of national security law while the other will head a national security law training and policy section. The addition of these two positions will add senior personnel in positions overseeing national security matters.

Creation of the Office of Integrity and Compliance: The FBI Director has proposed an Office of Integrity and Compliance Program to promote FBI compliance with the laws, rules, and regulations not only in NSLB but in all FBI programs and activities. It is noted that the Office is a proposed activity until such time as it is finally approved by the Administration and the Congress. In addition to establishing the Office, he has approved the creation of five committees along existing business lines, chaired by Executive Assistant Directors, to identify possible weaknesses in the compliance control environment (policies/training/monitoring), and to put corrective action plans in place to address these perceived weaknesses. These committees meet quarterly and each has met twice. Additionally, the Director established and chairs a Compliance Council, which meets twice a year. The Council will receive reports from the Committees on the issues identified and the remedial action being taken, and it will provide feedback on these and any other issues. In addition, human resource policies have been, or are in the process of being, changed, including rewarding outstanding accomplishment in compliance and ethics, making initial corrective action plans part of the cascading objectives of those accountable for corrective action plan implementation, and non-retaliation policies. Further, training programs emphasizing the responsibility of all employees to know the rules, comply with the rules, and report possible compliance issues are being developed. Anonymous and confidential channels for reporting compliance issues are also being developed.

10. Cybercrime

10. Cybercrime: With rapid technological advances and the widespread use of the Internet, cybercrime is a growing source of criminal activity and an emerging challenge for the Department and law enforcement nationwide.

<u>Issue</u>: The opportunity for cybercrime increases with the growth of the Internet, and it poses a serious threat to both U.S. national economic and security interests. The Department and its

components, including the FBI, Criminal Division, and U.S. Attorneys, have taken steps to address the varied facets of cybercrime. While the Department has developed several initiatives to combat aspects of this complicated crime, it must continue to respond to this growing challenge.

Action: The FBI continues multiple initiatives to combat cybercrime on the Internet. The Cyber Division has formed a working group with five countries to share knowledge, experience, and best practices to counter the rising threat associated with computer intrusions. The Cyber Division's Internet Crime Complaint Center has received the one millionth complaint related to Internet crime activity, and continues as a vital clearinghouse for cybercrime information for the FBI's state, local, and tribal law enforcement partners. The FBI established the Cyber Initiative and Resource Fusion Unit to maximize the resources of the private sector concerning cutting edge computer hardware and software technology, in addition to its longstanding Public Private Alliance Unit. The FBI's Innocent Images National Initiative, dedicated to combating child pornography, has expanded to include a cadre of foreign law enforcement officers stationed and working alongside a team of Special Agents and IAs. The Cyber Crime Fraud Unit is leading a team of FBI and foreign agencies to combat the proliferation of counterfeit goods, including the purchases of fake products by the U.S. Government, in the Cisco Raider case.

The Criminal Division also plays a key role in the Department's ongoing response to cybercrime. In addition to the efforts outlined by the OIG, the Department is involved in the following:

- A May 2006 Executive Order created the Identity Theft Task Force, chaired by the Attorney General, requiring that it draft a Strategic Plan to improve the federal response to identity theft in the areas of awareness, prevention, detection, and prosecution. The Task Force sent the draft Plan to the President in April 2007. Recommendations targeted key phases in the "life cycle" of an identity theft crime. Broad policy recommendations included: (1) reducing the unnecessary use of Social Security Numbers (SSNs) by federal agencies; (2) establishing national standards for the private sector regarding how to safeguard personal data and notify consumers of significant breaches; (3) educating the public and private sector to deter, detect, and defend against ID theft; and (4) establishing a National ID Theft Law Enforcement Center to coordinate investigation and prosecution of ID thieves. Criminal Division attorneys are working with the Task Force to implement the recommendations in the Strategic Plan.

- Criminal Division attorneys are working to promote the Convention on Cybercrime world-wide, which will strengthen the United States' ongoing international leadership role in cybercrime issues and facilitate rapid international cooperation in cybercrime cases. During this past year, a number of countries, including Mexico, have applied for accession to the treaty with the encouragement of the U.S. government. Also, the Criminal Division's Computer Crime and Intellectual Property Section (CCIPS) has taken a leading role in expanding and administering the G8 24/7 Network, now comprising over 50 countries from around the world to respond to cybercrime and cases involving electronic evidence.

- CCIPS, working with EOUSA, continues its efforts to facilitate and support the work of Computer Hacking and Intellectual Property (CHIP) Coordinators in the field. During the past year, CCIPS created the position of National CHIP Program Coordinator and filled that position with an experienced AUSA detailee. Seven new CHIP Units were created, and currently, 25 U.S. Attorney's Offices have operational CHIP Units. For the past 12 years, CCIPS has organized and led an annual training conference for CHIP Coordinators from around the country. In June 2007, CCIPS attorneys and technologists presented and participated in the first ever joint meeting of the CHIP Coordinators and the Government Forum of Incident Response and Security Teams ("GFIRST"), where members of DOJ, DHS, and the DHS U.S. Computer Emergency Response Team (US-CERT) were able to work with hundreds of researchers, security professionals, network operations specialists, and computer security first responders to discuss critical computer security issues.

- CCIPS continues to target and prosecute computer network crime aggressively and bring groundbreaking prosecutions of novel and emerging computer crimes, increasing its computer crime cases by over 25 percent. Working with other sections of the Criminal Division and AUSAs, CCIPS has prosecuted cases that target, among others, "hack, pump, and dump" securities fraud schemes, malicious "botnets," and online data theft.

In June 2006, the Attorney General issued the Progress Report of DOJ's Task Force on Intellectual Property announcing implementation of all 31 of the Task Force's recommendations. Among other accomplishments, the Task Force dismantled two of the largest international software piracy groups operating on the Internet; increased the number of defendants prosecuted for IP offenses by 98 percent from 2004 to 2005; and provided technical assistance and training to over 3,000 prosecutors, judges, and agents from 107 countries. Since the issuance of the Progress Report, Criminal Division attorneys have continued to work on those Task Force recommendations that required ongoing implementation. For instance, in the past year, Criminal Division prosecutors' accomplishments have included, but not been limited to: (1) creating the Intellectual Property Protection Act of 2007 (IPPA), which is a comprehensive legislative package designed to better equip law enforcement with the tools necessary to protect intellectual property rights and deter intellectual property crime (in May 2007, the Attorney General transmitted it to Congress); (2) placing a second Intellectual Property Enforcement Coordinator "IPLEC" in Sofia, Bulgaria, in November 2007 (the first was placed in Bangkok Thailand last year); and (3) increasing by more than 35 percent, in 2007, the number of defendants charged with IP crimes (CCIPS' prosecutions only).

The Internet is providing predators with a new place – cyberspace – to target children for criminal acts. The U.S. Attorneys are leading Project Safe Childhood, a joint effort of federal, state, and local law enforcement, along with community leaders, designed to protect children from online exploitation and abuse. The result has been a 25 percent increase in cases, an increase in the percentage of defendants found guilty, and an increase in the length of defendants' sentences.

Additional resources have been provided to the CHIP units that were established in U.S. Attorney's Offices with significant concentrations of high tech industry. These units include prosecutors and investigators who have received specialized training to enable them to investigate and prosecute computer crimes such as computer intrusion, copyright and trademark violations, and internet fraud. They work closely with the FBI and other agencies to build relationships with the high tech community. As part of this effort, each U.S. Attorney's Office has designated an identity theft coordinator and has increased its focus on identify thieves, resulting in an increase of over 25 percent in identify theft prosecutions.

FMFIA

Corrective Action Plans

FMFIA SECTION 2 – PROGRAM MATERIAL WEAKNESS – PRISON CROWDING

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Date Report Submitted and Corresponding FY and Quarter** October 2, 2007; 2007 Fiscal Year End	
Issue Title Prison Crowding	**Issue ID** 06BOP001	**Component Name** Bureau of Prisons

Issue Category

FMFIA, Section 2	☐	**Reportable Condition**	☒	**Material Weakness**
FMFIA, Section 4	☐	**Non-conformance**		
OMB A-123, Appendix A	☐	**Reportable Condition**	☐	**Material Weakness**

Issue Category – SAT Concurrence or Recategorization

Concur

Issue Description

As of September 30, 2007, the crowding rate at facilities housing federal inmates was 37 percent over the rated capacity. The BOP manages the continually growing federal inmate population by contracting with the private sector and using State and local facilities for certain groups of low-security inmates, expanding existing institutions (where programmatically appropriate and cost effective to do so), and building new facilities. The continued use of these approaches is expected to allow the BOP to keep pace with the growing inmate population and gradually reduce the crowding rate, thereby ensuring safe and secure operations in facilities housing federal inmates.

The inmate population housed in BOP owned and operated institutions was 167,323 on September 30, 2007, an increase of 4,809 over the 162,514 inmates housed on September 30, 2006. It should be noted that the BOP also housed another 32,697 inmates in non-BOP owned and operated facilities on September 30, 2007, e.g., in contract jail facilities.

Through the construction of new facilities, expansion of existing institutions, and acquisition of additional low-security contract bed space, the BOP Long-Range Capacity Plan projects a rated capacity in BOP owned and operated institutions of 145,485 by September 30, 2014. If new construction plans are resourced as proposed, crowding at that time is projected to be 24 percent over the projected rated capacity.

Business Process Area (N/A for Section 2 and Section 4 issues)

Not Applicable

Date First Identified	Original Target Completion Date	Current Target Completion Date	Actual Completion Date
2006	09/30/2012	09/30/2014	

Issue Identified By	Source Document Title
Bureau of Prisons	BOP-identified

Description of Remediation

Increase the number of federal inmate beds to keep pace with projected increases in the inmate population. Efforts to reach this goal include expanding existing institutions, acquiring surplus properties for conversion to correctional facilities, constructing new institutions, utilizing contract facilities, and exploring alternative options of confinement for appropriate cases.

Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. As of September 30, 2006, the inmate population in BOP owned and operated institutions reached 162,514 and was housed in a capacity of 119,510, resulting in a crowding rate of 36 percent.	09/30/2006		09/30/2006
2. As of September 30, 2007, the inmate population in BOP owned and operated institutions reached 167,323 and was housed in a capacity of 122,189, resulting in a crowding rate of 37 percent, an increase of 1 percent for the year.	09/30/2007		09/30/2007
3. Planning estimates call for a rated capacity of 123,853 to be reached by the close of FY 2008. The crowding rate is projected to be 39 percent at that time, an increase of 2 percent for the year.	09/30/2008		
4. Planning estimates call for a rated capacity of 123,853 to be reached by the close of FY 2009. The crowding rate is projected to be 42 percent at that time, an increase of 3 percent for the year.	09/30/2009		
5. Planning estimates call for a rated capacity of 125,117 to be reached by the close of FY 2010. The crowding rate is projected to be 39 percent at that time, a decrease of 3 percent for the year.	09/30/2010		
6. Planning estimates call for a rated capacity of 127,805 to be reached by the close of FY 2011. The crowding rate is projected to be 38 percent at that time, a decrease of 1 percent for the year.	09/30/2011		
7. Planning estimates call for a rated capacity of 130,125 to be reached by the close of FY 2012. The crowding rate is projected to be 37 percent at that time, a decrease of 1 percent for the year.	09/30/2012		
8. Planning estimates call for a rated capacity of 138,287 to be reached by the close of FY 2013. The crowding rate is projected to be 30 percent at that time, a decrease of 7 percent for the year.	09/30/2013		
9. Planning estimates call for a rated capacity of 145,485 to be reached by the close of FY 2014. The crowding rate is projected to be 24 percent at that time, a decrease of 6 percent for the year.	09/30/2014		

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

The FY 2009 and outyear budget request is structured to address the BOP's long-term capacity needs in the most cost effective manner possible. The BOP's proposed multi-year plan is at the Office of Management and Budget. The BOP will continue to structure future budget requests to address the capacity needs in the most cost effective manner possible.

Planned Measures to Prevent Recurrence

The BOP will ensure future budget requests reflect population increases.

Validation Indicator

Results are measured as a new institution or expansion project is activated and resulting increases in rated capacity are established. A corresponding decrease in the crowding percentage rate will also be a tangible measurement of the results. Progress on construction projects at new and existing facilities will be validated via on-site inspections of each facility or by review of monthly construction progress reports.

Organization Responsible for Corrective Action

BOP Program Review Division

FMFIA SECTION 2 – PROGRAM MATERIAL WEAKNESS – FEDERAL BUREAU OF INVESTIGATION USE OF NATIONAL SECURITY LETTERS

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Date Report Submitted and Corresponding FY and Quarter** August 31, 2007; 2007 Fiscal Year End	
Issue Title Federal Bureau of Investigation Use of National Security Letters	**Issue ID** 07FBI001	**Component Name** Federal Bureau of Investigation

Issue Category

FMFIA, Section 2	☐	**Reportable Condition**	☒	**Material Weakness**
FMFIA, Section 4	☐	**Non-conformance**		
OMB A-123, Appendix A	☐	**Reportable Condition**	☐	**Material Weakness**

Issue Category – SAT Concurrence or Recategorization

Concur

Issue Description

In March 2007, the OIG reported that the FBI's use of national security letters (NSL) has grown dramatically and shifted in focus since the enactment of the Patriot Act (10/2001). The OIG found that, although the NSL remains an indispensable investigative tool, the electronic database used for tracking NSL usage was incomplete and inaccurate and did not accurately reflect the status of investigative targets, which impacts the Department's semiannual reports to Congress on NSL usage. The OIG also reported that the FBI did not consistently retain signed copies of NSLs or examine improper or illegal uses of NSLs. Further, the OIG reported that the FBI had not provided clear guidance on applying the Attorney General Guidelines requirements for the use of NSLs. The OIG did not find indications of misuse of NSL authorities that constituted criminal misconduct; however, it found that the FBI used NSLs in violation of applicable NSL statutes, Attorney General Guidelines, and internal FBI policies.

Business Process Area (N/A for Section 2 and Section 4 issues)

Not Applicable

Date First Identified	Original Target Completion Date	Current Target Completion Date	Actual Completion Date
2006	03/31/2008		

Issue Identified By	Source Document Title
OIG	March 2007 OIG Report, 06-20

Description of Remediation

Compliance with recommendations impacting internal controls (noted under Milestones) is in progress and will be re-evaluated at the conclusion of the OIG's follow-up review of NSLs, which is in progress.

Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. Require all personnel authorized to issue NSLs to create a control file to retain signed copies.	03/31/2008		3/9/2007
2. Improve the Office of the General Counsel (OGC) tracking database to ensure it captures accurate, timely, and complete NSL data.	03/31/2008		4/10/2007
3. Improve the OGC tracking database to include NSL requests for individuals who are not investigative subjects.	03/31/2008		4/10/2007
4. Issue additional guidance to field offices that will assist in identifying possible Intelligence Oversight Board violations related to NSL use.	03/31/2008		3/28/2007
5. Take steps to ensure that the FBI does not improperly issue exigent letters.	03/31/2008		3/1/2007
6. Ensure that, where appropriate, the FBI makes requests for information in accordance with the requirements of NSL authorities.	03/31/2008		6/1/2007

7. Implement measures to ensure that the OGC is consulted about activities undertaken by FBI Headquarters National Security Branch, including its operational support activities.	03/31/2008		3/30/2007
8. Ensure Chief Division Counsel and Assistant Division Counsel (field) provide close and independent reviews of requests to issue NSLs.	03/31/2008		6/1/2007

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

Funding to complete database enhancements and other remediation/analytical activities has been approved.

Planned Measures to Prevent Recurrence

Closure of OIG recommendations and ongoing oversight of the use of NSLs.

Validation Indicator

Results of the OIG follow-up review (in progress) and the FBI's OGC and Inspection Division.

Organization Responsible for Corrective Action

FBI Office of the General Counsel

APPENDIX A

Office of the Inspector General, Audit Division Analysis and Summary of Actions Necessary to Close the Report

Department of Justice was provided a draft of the Independent Auditors' Report on Internal Control over Financial Reporting, and their comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Necessary to Close the Report. Since Department management concurred with all of the recommendations, this report is being issued as resolved. We will continue to review the actions taken during future financial statement audits in order to assess whether the findings have been adequately addressed and recommendations implemented. Depending on the recommendation, it will be closed either when the action requested is completed or subsequent audit testing confirms the adequacy of corrective actions.

Internal Control Recommendation Number:

1. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the Operations Services Staff's and components' Chief Information Officers (CIO) have submitted and implemented corrective action plans that focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/system development life cycle, and system software weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution reports. The Department's CIO should also require that the corrective action plans include a timeline that establishes when major events must be completed, and the Department's CIO should monitor and hold the components accountable for meeting the action plan timelines and ensure the corrective actions implemented adequately address the noted deficiencies.

2. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the USMS has taken corrective actions to improve the condition of its financial statement quality control and quality assurance processes and funds management controls, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2007.

3. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that ATF has taken corrective actions to improve the condition of its accounts payable process, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the ATF's financial statements as of and for the year ended September 30, 2007.

4. **Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the Department has assessed the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) budgetary accounting for grant obligations, (c) budgetary and proprietary accounting related to the status of obligations and disbursements, (d) status, valuation, and completeness of seized and forfeited property, and (e) preparation, review, and approval of journal entries. Based on the results of this assessment, the Department should also determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Finally, the Department should monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year.

5. **Resolved.** This recommendation can be closed when the Department has implemented a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements of the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable federal accounting standards.

APPENDIX B

Department of Justice Financial Structure

- Assets Forfeiture Fund and Seized Asset Deposit Fund
- Bureau of Alcohol, Tobacco, Firearms and Explosives
- Bureau of Prisons
- Drug Enforcement Administration
- Federal Bureau of Investigation
- Federal Prison Industries, Inc.
- Office of Justice Programs
- Offices, Boards and Divisions
- U.S. Marshals Service

Offices
Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
INTERPOL – U.S. National Central Bureau
National Drug Intelligence Center
Office of Community Oriented Policing Services
Office of Dispute Resolution
Office of Information and Privacy
Office of Intelligence Policy and Review
Office of Intergovernmental Affairs and Public Liaison
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Federal Detention Trustee
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys

Boards
Foreign Claims Settlement Commission
U.S. Parole Commission

Divisions
Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

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APPENDIX C

Improper Payments Information Act Reporting Details

Item I. Describe the risk assessment(s) performed subsequent to the agency completing its full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on OMB guidance thresholds) identified through the agency's risk assessment(s). Be sure to include the programs previously identified in the former Section 57 of Circular A-11 (now located in Circular A-123, Appendix C).

In accordance with the Improper Payments Information Act (IPIA) and OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, the Department assessed its programs and activities for susceptibility to significant improper payments. The Department's implementation of a top-down approach in FY 2007 to perform the assessment allowed Departmental management to focus on the Department's most significant programs and activities in terms of risk and materiality. The approach promoted consistency across components and enhanced internal controls related to preventing, detecting, and recovering improper payments. In conjunction with implementing the top-down approach, the Department developed and disseminated guidance for conducting the required risk assessment, along with a risk assessment survey instrument for components to use in capturing information on ten risk factors, such as payment volume and process complexity. The instrument covered commercial payments, as well as intra-governmental payments, employee disbursements, and grant payments.

Based on the results of the Department-wide risk assessment for the period ending September 30, 2007, the Department concluded there were no programs with a significant risk of improper payments exceeding the OMB thresholds of 2.5 percent of program payments and $10 million.

Item II. Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.

Not applicable. Based on the results of the Department-wide risk assessment, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item III. Describe the Corrective Action Plans for:

A. Reducing the estimate rate and amount of improper payments for *each* type of category of error. This discussion must include the corrective action(s) for each different type or cause of error and the corresponding steps necessary to prevent future recurrence. If efforts are ongoing, it is appropriate to include that information in this section.

Not applicable. The results of the Department-wide risk assessment demonstrated that, overall, the Department has sufficient internal controls over disbursement processes, the dollar amount of improper payments is not material, and the risk of significant improper payments is low. Nonetheless, as mentioned above, the Department further enhanced its IPIA efforts this year by implementing a top-down approach, providing guidance and tools for performing the required risk assessment, and actively working with each of the Department's components to identify and implement additional procedures to prevent, detect, and reduce improper payments.

B. Grant-making agencies with risk-susceptible grant programs, discuss what the agency has accomplished in the area of funds stewardship past the primary recipient. Include the status of projects and results of any reviews.

Not applicable. The Department-wide risk assessment concluded there were no risk-susceptible grant programs.

Item IV. Program Improper Payment Reporting

The table below is required for each reporting agency. Agencies must include the following information: (1) all risk-susceptible programs must be listed in this chart whether or not an error measurement is being reported; (2) where no measurement is provided, the agency should indicate the date by which a measurement is expected; (3) if the Current Year (CY) is the baseline measurement year, indicate by either note or by N/A in the Prior Year (PY) column; (4) if any of the dollar amount(s) included in the estimate correspond to newly established measurement components in addition to previously established measurement components, separate the two amounts to the extent possible; (5) include outlay estimates for CY+1, +2, and +3; and (6) agencies are expected to report on CY activity or, if not feasible, PY activity is acceptable. (Future year outlay estimates (CY+1, +2 and +3) should match the outlay estimates for those years as reported in the most recent President's Budget.)

Not applicable. Based on the results of the Department-wide risk assessment, the Department concluded there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and $10 million.

Item V. Recovery Auditing Reporting

A. Discuss your agency's recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so, actions taken to recoup improper payments, and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences.

The Department's recovery auditing program is part of its overall program of effective internal control over contract payments. The recovery auditing program includes preventive and detective controls to ensure payments are legal, proper, and correct. For example, the Department's policies pertaining to the Recovery Auditing Act and IPIA provide a methodology for identifying improper payments; establish a system to monitor improper payments and their causes; and include controls and actions for preventing, detecting, and recovering improper payments.

In addition to the controls established by the Department, components have taken specific actions to recoup improper payments and prevent further occurrences of such payments. For example, the DEA's Financial Analysis and Reporting Unit provides guidance to staff at payment sites and analyzes disbursements to identify potential improper payments; the FBI reviews disbursements during monthly, quarterly, and semi-annual field office audits to identify potential improper payments; and the OJP analyzes a management tracking report monthly to identify such payments.

In order to maintain and enhance financial controls within the Department's Offices, Boards and Divisions, the Justice Management Division's Quality Control and Compliance Group conducts periodic internal reviews of financial controls. One aspect covered in these reviews is an examination of disbursements, to include tests for improper payments. The review process, along with systemic controls and Departmental policies, form the basis of controls to detect improper payments within the Offices, Boards and Divisions and prevent further occurrences.

In FY 2007, the Department continued to supplement internal recovery auditing activities with contracted services to maximize the identification and collection of improper payments. The Department reimburses the contracted recovery auditing costs from the funds recovered by the contractor. The cost of the Department's recovery auditing program in FY 2007 totaled approximately $198,570. Internal and external costs are provided in the following table.

Department of Justice FY 2007 Recovery Auditing Program Costs	
Internal Costs (Department Salaries and Expenses)	$130,242
External Costs (Contracted Services)	$ 68,328
Total	$198,570

B. Complete the table below.

Recovery Auditing Reporting Current Year (FY 2007) and Prior Years (FYs 2004 through 2006)							
Amount Subject to Review for CY Reporting	Actual Amount Reviewed and Reported CY	Amounts Identified for Recovery CY	Amounts Recovered CY	Amounts Identified for Recovery PYs	Amounts Recovered PYs	Cumulative Amounts Identified for Recovery (CY + PYs)	Cumulative Amounts Recovered (CY + PYs)
$12,302,104,754	$9,841,791,745 (80 percent)	$4,241,765	$3,777,628 (89 percent)	$3,681,860	$3,495,169 (95 percent)	$7,923,625	$7,272,797 (92 percent)

Note: Reported amounts are based on data available as of September 30, 2007. Certain contract payments at foreign offices are excluded, as they are processed by the Department of State.

As shown in the table, in FY 2007, the Department's recovery auditing activities identified for recovery approximately $4.2 million in improper commercial payments out of the $9.8 billion of commercial payments reviewed (.04 percent). Based on improved monitoring and recovery efforts, a total of approximately $3.8 million (or 89 percent) was recovered in FY 2007, an increase of more than $2 million over the amounts recovered in FY 2006.

Item VI. Describe the steps the agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.

The Assistant Attorney General for Administration has implemented IPIA and recovery auditing policies and controls throughout the Department that cover preventing, detecting, and recovering improper payments. The Department holds managers accountable for reducing and recovering improper payments through performance ratings and the internal financial management scorecard.

Item VII. Agency Information Systems and Other Infrastructure

A. Describe whether the agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.

Department-wide efforts continue to reduce improper payments through an aggressive strategy of re-engineering and standardizing business practices, concurrent with the implementation of an integrated financial management system. The integrated system is a commercial-off-the-shelf system that meets core federal financial management systems requirements.

In addition to the Department's efforts to reduce improper payments, individual components have controls built into their existing financial systems which are designed to prevent improper payments and identify such payments so that recovery actions can be initiated.

B. If the agency does not have such systems and infrastructure, describe the resources the agency requested in its most recent budget submission to Congress to obtain the necessary information systems and infrastructure.

Not applicable. The planned integrated financial management system, when implemented throughout the Department, will complement the Department's current infrastructure and capabilities to reduce improper payments.

Item VIII. Describe any statutory or regulatory barriers which may limit the agency's corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

The Department has not identified any statutory or regulatory barriers which limit its corrective actions in reducing improper payments.

Item IX. Additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.

The Department's FY 2007 implementation of a top-down approach for IPIA compliance promoted consistency across components and further enhanced internal controls and activities designed to prevent, detect, and recover improper payments. As mentioned previously, implementing a top-down approach allows the Department to focus on its most significant programs and activities in terms of risk and materiality.

Additional Departmental IPIA efforts in FY 2007 included disseminating updated policy and procedures pertaining to the Department's recovery auditing program. The policy and procedures reinforce requirements and provide further guidance to promote consistency throughout the Department in implementing IPIA and Recovery Auditing Act requirements, identifying and correcting causes of improper payments, and instituting activities to recover such payments

APPENDIX D

FY 2007 Financial Management Status Report and Five-Year Plan Summary

The Department's Financial Management Status Report and Five-Year Plan, required by the Chief Financial Officers (CFO) Act of 1990, describes the Department's financial management initiatives, plans, and accomplishments. The CFO Act established the legal framework for improved financial management. Within that framework, executive agencies have key responsibilities for implementing effective financial management leadership, internal controls, reporting, and financial systems. The Department's Plan was prepared in accordance with the guidance contained in OMB Circular No. A-11, Preparation and Submission of Budget Estimates.

The President's Management Agenda and the Executive Branch Management Scorecard emphasize the significance of federal Government performance and accountability to achieve successful results. The ultimate goal is accurate and timely financial information on a recurring basis. The 2007 DOJ Financial Management Status Report and Five-Year Plan includes a summary of the important financial management initiatives completed or underway within the Department. These initiatives support the President's Management Agenda and improve management and administration of the Department's programs while also supporting mandates such as the CFO Act, the Government Management Reform Act (GMRA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), Federal Managers' Financial Integrity Act (FMFIA), and the Debt Collection Improvement Act (DCIA) of 1996.

The Department has moved towards budget and performance integration by including in the budget the full cost of achieving performance goals and by utilizing the Program Assessment Rating Tool (PART) for decision-making purposes in a majority of its programs. Additionally, the Department has efficiency measures in place for 100 percent of the PARTed programs.

Highlights of the Initiatives Contained in this Plan:

Reliable Financial Statements and Meeting Due Dates for Financial Statements. KPMG, an independent firm under contract with the OIG, performed the Fiscal Year (FY) 2007 consolidated Department audit. The Department earned an unqualified opinion on its audited consolidated financial statements for FY 2007. All nine[1] of the Department's components that produce financial statements received unqualified opinions, as well. The DOJ and components continued to demonstrate progress in reduction of the number of material weaknesses identified by the independent auditors. The Department has consistently met the Office of Management and Budget (OMB) November 15th due date for submission of consolidated financial statements. Ensuring these deadlines are met required planning and coordination which included issuance of the annual Financial Statement Requirements and Preparation Guide (Guide). The Guide includes a detailed timeline of major events and interim milestones. This, along with components corrective actions quarterly status updates, adds to the foundation necessary to eliminate auditor-reported internal control material weaknesses. For FY 2008 and beyond, the Department expects to maintain its impeccable status in the achievement of nine unqualified opinions on its bureau financial statements as well as on its audited consolidated financial statements.

Integrated Financial Management System. The Unified Financial Management System (UFMS) initiative is the keystone to the Department's financial systems improvement planning for the future. UFMS is replacing the Department's multiple core financial management and procurement system with an integrated Commercial Off-The-Shelf (COTS) solution, Momentum, provided by CGI Federal Inc. Implementation of

[1] Beginning in FY 2007, the financial statements of the Working Capital Fund were combined with the Offices, Boards and Divisions.

the UFMS will improve financial management and procurement operations through streamlining and standardizing business processes and procedures across all components.

The DOJ components identified for replacement of their current financial management and procurement systems include: Federal Bureau of Investigation (FBI); U.S. Marshals Service (USMS); Drug Enforcement Administration (DEA); Federal Bureau of Prisons (BOP); Office of Justice Programs (OJP); Offices, Boards and Divisions (OBDs); and Alcohol, Tobacco, Firearms and Explosives (ATF). Implementation efforts are already underway with a pilot project at the Asset Forfeiture Program (AFP), scheduled to go live in November 2007. DEA's implementation, currently in the Development and Configuration phase, is scheduled to go live in October 2008. FBI is engaged in a planning phase with a full implementation schedule ready for release in early 2008.

Although the Department continues to make substantial progress, OMB still classifies the current status of the Department's Financial Management Program with a "red light" on its PMA scorecard. To meet the green light standards, the Department must meet all yellow light standards, use financial information to drive results in key areas, expand its routine use of data for decision-making, achieve substantial compliance with the Federal Financial Management Improvement Act (FFMIA), have no material auditor-reported internal control weaknesses; and have no material weaknesses in Federal Managers' Financial Integrity act (FMFIA) Section 2 OFR and Section 4. Correction of this condition will be addressed by sustained progress in eliminating material weaknesses and implementation of a UFMS for the Department. The Financial Management Program's primary achievement in FY 2007 was the approval and delivery of the Foundation Build with government acceptance on May 30, 2007. The Foundation Build is the core standard financial and procurement configuration to be used by the Department components as a baseline system. This will allow components to extend the Foundation Build to meet their individual configuration needs.

E-Gov Travel. As one of the five General Services Administration (GSA) managed E-Gov initiatives, E-Gov Travel was launched in support of the President's Management Agenda. The goal of the E-Gov Travel initiative is to improve internal efficiency and effectiveness of the Federal government by providing an automated government-wide web-based end-to-end travel management service that delivers an easy to use cost saving travel experience, supports effective management of travel practices, and results in superior customer satisfaction.

During FY 2005, the Deputy Assistant Attorney General, Controller, approved the implementation of a Department E-Gov Travel Program Management Office (TPMO) in the Finance Staff which consists of a Project Manager and a number of Team Leads for the migration effort.

On June 19, 2007, Procurement Services awarded the E-Gov Travel (ETS) contract to Carlson Wagonlit Government Travel. The Carlson Wagonlit Government Travel product, E2 Solutions, provides travelers with a one-stop, self-service for all their travel needs, from reservation and ticketing to authorization to vouchering.

In July 2007, the TPMO held a kick-off meeting with Carlson Wagonlit (CW), followed by integration workshops to begin the ETS implementation process. The Department's security certification and accreditation process has begun. Future plans include a Bureau kick-off meeting with CW, product demonstrations, and security and technical workshops. DOJ employees are encouraged to make travel arrangements by booking online.

Once fully implemented, the Department envisions leveraging improved reporting and data collection capabilities for business intelligence and performance measurements. DOJ expects to continue to consolidate its travel processes at a Department level, centrally managed through a customer-centric, web-based environment with the expectations to integrate an easy to use, end-to-end travel service.

Federal Financial Management Improvement Act (FFMIA) Remediation Plan and A-123 Compliance. The Department continued to implement corrective actions in an effort to diminish the number of internal control weaknesses at the component level. In FY 2007, components aggressively demonstrated their dedication to implement corrective actions and reduce the severity of previously identified internal control weaknesses. The Department also continued to demonstrate progress on its multi-year project to install a Unified Financial Management System (UFMS) that will provide a single source for timely and reliable financial data. The implementation of the UFMS will strengthen its control environment, facilitate the collection of information, and enhance decision-making.

To ensure a consistent approach in the implementation of OMB Circular A-123, the Department continues to use a top-down, risk-based approach, concentrating resources on significant areas where the risk of material errors in financial reporting could occur. The Department will continue to leverage existing internal control review functions, and inform managers and other employees of their responsibilities to establish and maintain effective internal controls. In FY 2007, the Department issued detailed guidance for documenting and testing controls, along with reporting the results of internal control testing. These Departmental testing procedures were developed to determine the operating effectiveness of each control and identify lapses in implementation of these controls. Department-wide success will be demonstrated through completion of A-123 assessments using proper methodologies, as well as effective monitoring to ensure that controls are operating as designed at all times.

Debt Collection Management Program. The JMD performed its annual comprehensive Department-wide debt management review in compliance with OMB's reporting requirements. The Department reported debt collections totaling nearly $3.7 billion in FY 2006 resulting from civil and criminal litigation and enforcement activities. Throughout the Department, ongoing efforts are in place to maintain effective debt collection and debt management practices. In FY 2007, the JMD successfully launched the Consolidated Debt Collection System (CDCS), a system designed to centralize, track, support, and manage the Department's financial litigation and debt collection efforts. The pilot implementation was completed during the fiscal year with national rollout continuing through November 2007. The CDCS is targeted to move into Operations and Maintenance (O&M) on February 1, 2008. Additionally, with the consolidation of debt collection under a single system, the JMD will be able to streamline its cash collection flows.

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APPENDIX E

Major Program Evaluations Completed During FY 2007

OIG Audit on Efforts to Prevent, Identify, and Recover Improper and Erroneous Payments by Selected Department of Justice Components

An initiative of the President's Management Agenda, implemented in August 2001, is the identification and reduction of improper payments within the Federal Government. Improper payments are payments that should not have been made or payments that were made for an incorrect amount due to errors, poor business practices, or intentional fraud or abuse. Improper payments include: 1) payments to an ineligible recipient, 2) payments for an ineligible service, 3) duplicate payments, 4) payments for services not rendered, and 5) payments that do not account for credit for applicable discounts. In those cases where an agency is unable to discern whether a payment was proper due to insufficient or lack of documentation, the payment must also be considered an error.

The OIG review examined ATF, DEA, Federal Prison Industries, Justice Management Division, and the Department's Offices, Boards and Divisions. The OIG found several weaknesses in component programs to identify and reduce improper payments. Those included risk assessments that did not always include an analysis or review of relevant information, such as results from the most recent financial statement audit or data concerning the Federal award payments made by recipients and sub-recipients. The OIG concluded that identified and recovered improper payment amounts may be understated, due to failures in internal controls used to identify and report improper payments. To address these issues, the OIG provided 20 recommendations for improvement to the audited components.

OIG Audit on the Coordination of the DOJ Crime Task Forces, Evaluation and Inspection

In the Conference Report on the Department's FY 2006 appropriations bill, the House and Senate Appropriations Committees directed that the OIG assess the coordination of investigations conducted by the following four types of violent crime task forces: 1) ATF's Violent Crime Impact Teams, 2) DEA's Mobile Enforcement Teams, 3) FBI's Safe Streets Task Forces, and 4) USMS' Regional Fugitive Task Forces. The OIG review assessed how well these four types of task forces coordinate their work, including whether the task forces conduct duplicate investigations, cooperate in joint investigations, and "deconflict" law enforcement events to avoid interfering with one another's field operations and to ensure officer safety.

The OIG concluded that the Department's coordination of task force investigations was not fully effective in preventing duplication of effort. In FY 2005, there were 84 cities with two or more violent crime task forces operated by ATF, the DEA, the FBI, and the USMS. Although the missions of these task forces overlap, the Department does not require the components to coordinate task force operations, cooperate on investigations, or deconflict law enforcement events. In August 2005, the Department issued a policy requiring the Deputy Attorney General's approval for new anti-gang activities. However, coordination issues continued to occur, and in June 2006, the Department began requiring a recommendation by the U.S. Attorney for the jurisdiction in which any new anti-gang task force would operate. As a result of the lack of Department-level policies requiring coordination, the components' coordination of task force investigations is inadequate. Some components have nation-wide policies that require coordination of task force operations. ATF, DEA, and USMS Headquarters managers entered into memorandums of understanding that require their task forces to coordinate their operations. In contrast, the FBI's policy does not address FBI coordination with new task forces created by the other Department components or FBI participation in or coordination of investigations with violent crime task forces led by other components.

The OIG's analysis of nation-wide task force arrest data and site visits indicated that the components' coordination of task force investigations is uneven. The nation-wide arrest data showed that the task forces duplicated one another's efforts more often than they cooperated in joint investigations. At the local level, task force operations in some cities are better coordinated because the U.S. attorneys and local task force managers have local policies on coordination. In other cities, task forces conducted duplicate investigations and failed to deconflict events, resulting in three "blue-on-blue" incidents.

OIG Audit of ATF National Firearms Registration and Transfer Record

On June 26, 1934, Congress passed the National Firearms Act (NFA), since amended, to limit the availability of machineguns, short-barreled shotguns, short-barreled rifles, sound suppressors (silencers), and other similar weapons that were often used by criminals during the Prohibition Era. The NFA imposed a tax on the manufacture, import, and distribution of NFA weapons and required a registry of "all NFA firearms in the United States that were not under the control of the United States [government]." ATF collects the taxes and maintains NFA weapon registration records in a central registry. This central registry, called the National Firearms Registration and Transfer Record (NFRTR), consists of all registration documents, attachments to those documents, and an electronic database that includes information from many of the documents and that enables computerized searches of the registry.

The OIG conducted this review in response to requests from members of Congress who had received letters from citizens expressing concern about the accuracy and completeness of the NFRTR. These citizens asserted that errors in the NFRTR and errors in decisions by ATF employees left NFA weapons' owners vulnerable to unjust convictions for violating the NFA.

The OIG found that since 2004, ATF has significantly improved its timeliness in processing NFA weapons applications and responding to customers' inquiries. However, persistent managerial and technical deficiencies contribute to inaccuracies in the NFRTR database. During ATF compliance inspections, discrepancies were found between the NFRTR's records and the inventories of Federal firearms licensees. Also, the NFRTR's software programming is flawed and causes technical problems for those working in the database. Further, there is a lack of procedural consistency and a backlog in reconciliations. The NFRTR's reliability as a regulatory tool is hampered when it is used during compliance inspections of Federal firearms licensees. However, the OIG did not find evidence that individual weapons owners or Federal firearms licensees had been sanctioned or criminally prosecuted due to errors in the database, as has been asserted in customers' letters.

ATF has recently initiated several actions to reduce errors in the NFRTR. Among these are the hiring of new personnel, revamped training, improved communication with staff, and the revision of a procedures manual.

GAO Report on the Radiation Exposure Compensation Act (RECA) Program

In September 2007, GAO issued its report on the status of RECA program. The report satisfies GAO statutory requirement to report to Congress every eighteen months on the Department of Justice administration of RECA including the 1) outcome of the claims adjudication process since the Program began; 2) average processing time for claims; and 3) current estimates for the number of future claims to be paid from the RECA Trust Fund.

From 1945 through 1962, the United States conducted a series of aboveground atomic weapons tests as it built up its Cold War nuclear arsenal. Around this same time period, the United States also conducted underground uranium-mining operations and related activities, which were critical to the production of the atomic weapons. Many people were exposed to radiation resulting from the nuclear weapons development and testing program, and such exposure is presumed to have produced an increased incidence of certain serious diseases, including various types of cancer. To make partial restitution to these individuals for their hardships associated with the radiation exposure, RECA was enacted on October 15, 1990. RECA provided that the Attorney General be responsible for processing and adjudicating claims under the act. DOJ established the RECA Program, which is administered by the Torts Branch of the Civil Division. The Program began processing claims in April 1992. The act categorizes plaintiffs according to their involvement in the nuclear weapons development and testing program:

- Downwinders – persons who lived in certain counties downwind of the Nevada Test Site
- On-Site Participants – persons who were present at test site locations and participated in aboveground nuclear weapons testing
- Uranium miners, mill workers, and ore transporters – persons who were employed in the uranium industry for at least one year

The GAO concluded that from April 1992 through June 2007, the Program authorized payments totaling $1.2 billion for 18,110 claims. This number of claims represents about two-thirds of the 26,550 claims filed since the Program began. Also, the Program's average claim-processing times for each individual category of claims have decreased over the 4-year period ending in June 2007. The Civil Division estimates that the Program will receive about 5,560 additional claims and pay an additional $248.3 million from the RECA Trust Fund between FY 2007 and the statutory end of the Program in FY 2022. Claims receipts and payouts are expected to decline each year until then.

OIG Audit of the USMS Judicial Security Process

The OIG conducted this audit to review USMS judicial security process. The objectives were to examine USMS progress in addressing OIG recommendations from the previous OIG audit "Review of the United States Marshals Service Judicial Security Process" Evaluation and Inspections Report I-2004-004 (March 2004.)

The OIG concluded that, to fulfill its critical mission of protecting the federal judiciary, the USMS must exhibit a greater sense of urgency in implementing its plans for improving its capability to assess reported threats, creating, and sharing protective intelligence on potential threats, and completing the implementation of enhanced security measures. The OIG provided six recommendations, namely, to:

- Develop a formal plan that defines objectives, tasks, milestones, and resources for the new threat assessment process.
- Create a workload tracking system for threat assessments.
- Develop a formal plan that defines objectives, tasks, milestones, and resources for implementing a protective intelligence function to identify potential threats.
- Modify USMS databases to support the new threat assessment process and protective intelligence function to identify potential threats.
- Require the home alarm contractor to notify the USMS of alarm events after notifying the local law enforcement agency.
- Issue operational guidance for requesting and deploying Technical Operations Group resources and Rapid Deployment Teams.

OIG Audit of the Environment and Natural Resource Division Superfund Activities

As required by the Comprehensive Environmental Response, Compensation and Liability Act, commonly referred to as Superfund, the OIG conducted an audit to determine if the cost allocation process used by ENRD and its contractor provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FYs 2004 and 2005. The OIG compared costs reported on the contractor-developed

Accounting Schedules and Summaries for FYs 2004 and 2005 to costs recorded on DOJ accounting records to review the cost distribution system used by ENRD to allocate incurred costs to Superfund and non-Superfund cases. In OIG's judgment, ENRD provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FYs 2004 and 2005. However, OIG had three recommendations to improve ENRD operations and ensure compliance with DOJ directives: (1) update case designation procedures (outlined in the ENRD December 20, 2001, memorandum, Determination of Superfund Cases) to encompass the reorganized Natural Resources, Wildlife and Marine Resource, Indian Resource, Law and Policy, and the Executive Office litigation sections; (2) ensure that travel authorizations are approved prior to a traveler proceeding on a trip; and (3) ensure all subject code 2508 transactions are allocated to the correct Superfund case number.

OIG Audit on the Effectiveness of the Office of Justice Program National Court-Appointed Special Advocate Program (NCASAA)

As required by Congress, OIG conducted an audit of the NCASAA. The objectives of this audit were to determine: 1) the types of activities NCASAA has funded since 1993, and 2) the outcomes in cases where court-appointed special advocate (CASA) volunteers are involved as compared to cases where CASA volunteers are not involved, including the following:

- length of time a child spends in foster care;
- extent to which there is an increased provision of services;
- percentage of cases permanently closed; and
- achievement of the permanent plan for reunification or adoption.

Specific OIG findings include the following: (1) Require NCASAA to establish a methodology for allocating indirect costs so that federal funds are not charged to unallowable cost categories, and (2) Develop outcome-based performance measures for its CASA programs that will determine the effectiveness of the programs in meeting the needs of children in the CWS. As appropriate, these outcome measures should correspond with the data required by HHS for state and local CPS agencies, so that OJP has a basis for comparing the effectiveness of its CASA grant programs.

GAO Study on the New BAPCPA Requirements for Credit Counseling and Debtor Education

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires individuals to receive credit counseling before filing for bankruptcy and to complete a debtor education course before having debts discharged. Concerns were raised that the new requirements could expose consumers to abusive practices by credit counseling agencies or become barriers to filing for bankruptcy. GAO examined (1) the process of approving counseling and education providers, (2) the content and results of the counseling and education sessions, (3) the fees charged, and (4) the availability of and challenges to accessing services.

The GAO concluded that the United States Trustee Program developed and implemented a comprehensive, effective, and timely process for the approval of credit counselors and debtor educators. GAO found few issues relating to the competence, integrity, or performance of providers approved by the Program. Credit counseling and debtor education services are available to debtors in a reasonable time frame; fees charged by providers are reasonable and are waived for debtors with an inability to pay. GAO noted there is limited reliable data on the outcomes of credit counseling sessions, and policies regarding what constitutes “ability to pay” vary among providers.

The GAO recommended that the U.S. Trustee Program develop the capability to track and analyze the outcomes of pre-bankruptcy credit counseling and issue formal guidance on what constitutes a client’s “ability to pay.” The Department agreed with GAO’s recommendations.

APPENDIX F

Intellectual Property Report – FY 2007

The information in this section is provided pursuant to the statutory mandate in Title 18, United States Code, Section 2320(g), which requires a report of Department of Justice prosecutions of intellectual property (IP) crimes brought under sections 2318, 2319, 2319A and 2320 of Title 18 of the United States Code. Prosecutions under other IP statutes are not included. This information has been provided by the Executive Office for United States Attorneys (EOUSA), which maintains criminal caseload information as reported by the 94 U.S. Attorneys' Offices.

The pages that follow contain summary case information, segregated by statutory provision, and preceded by a brief description of each offense. Also included is a list of cases referred for prosecution by the Bureau of Immigration and Customs Enforcement or the Bureau of Customs and Border Protection. Following the summary data is a district by district break out of the same data.

The automated case management system used to collect data for the U.S. Attorneys' Offices does not break out copyright infringement cases according to the following categories: audiovisual (videos and films); audio (sound recordings); literary works (books and musical compositions); computer programs or video games. Also, the case management system does not separately identify copyright infringement cases where the infringer advertises the infringing work online or makes the infringing work available on the Internet for download, reproduction, performance or distribution by others. Thus, that information is not included. Similarly, data on fines, penalties, settlements or restitution are not included because that information cannot be extracted from the database according to particular statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318* - Trafficking in Counterfeit Labels for Phono Records and Copies of Motion Pictures or Other Audiovisual Works

Offense: knowingly trafficking in a counterfeit label affixed or designated to be affixed to a phono record or a copy of a motion picture or other audiovisual work.

	FY 2007 - TOTALS (All Districts)
Referrals and Cases:	
Number of Investigative Matters Received by U.S. Attorneys:	37
Number of Defendants:	43
Number of Cases Filed:	18
Number of Defendants:	22
Number of Cases Resolved/Terminated:	14
Number of Defendants:	23
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	12
Number of Defendants Who Were Tried and Found Guilty:	0
Number of Defendants Against Whom Charge Was Dismissed:	8
Number of Defendants Acquitted:	1
Other Terminated Defendants:	2
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	3
1 to 12 Months Imprisonment:	0
13 to 24 Months:	4
25 to 36 Months:	0

37 to 60 Months:	4
61 + Months:	1

Total Dollar Value of All Criminal Fines Imposed: Not Available
(fines can be assessed in lieu of or in addition to prison sentences)

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318.

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506* - Criminal Infringement of a Copyright.

Offense: willful infringement of a copyright for purposes of commercial advantage or private financial gain, or through large-scale, unlawful reproduction or distribution of a copyrighted work, regardless of whether there was a profit motive.

	FY 2007 - TOTALS (All Districts)
Referrals and Cases:	
Number of Investigative Matters Received by U.S. Attorneys:	190
Number of Defendants:	278
Number of Cases Filed:	110
Number of Defendants:	140
Number of Cases Resolved/Terminated:	105
Number of Defendants:	147
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	123
Number of Defendants Who Were Tried and Found Guilty:	0
Number of Defendants Against Whom Charge Was Dismissed:	17
Number of Defendants Acquitted:	1
Other Terminated Defendants:	6
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment	77
1 to 12 Months Imprisonment	23
13 to 24 Months:	11
25 to 36 Months:	5
37 to 60 Months:	5
61 + Months:	2

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES CODE, SECTION 2319A* - Unauthorized Fixation of and Trafficking in Sound Recordings and Music Videos of Live Musical Performances.

Offense: without the consent of the performer, knowingly and for the purposes of commercial advantage or private financial gain, fixing the sounds or sound and images of a live musical performance, reproducing copies of such a performance from an authorized fixation; transmitting the sounds or sounds and images to the public, or distributing, renting, selling, or trafficking (or attempting the preceding) in any copy of an authorized fixation.

	FY 2007 - TOTALS (All Districts)
Referrals and Cases:	
Number of Investigative Matters Received by U.S. Attorneys:	0
Number of Defendants:	0
Number of Cases Filed:	0
Number of Defendants:	0
Number of Cases Resolved/Terminated:	0
Number of Defendants:	0
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	0
Number of Defendants Who Were Tried and Found Guilty:	0
Number of Defendants Against Whom Charge Was Dismissed:	0
Number of Defendants Acquitted:	0
Other Terminated Defendants:	0
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	0
1 to 12 Months Imprisonment:	0
13 to 24 Months:	0
25 to 36 Months:	0
37 to 60 Months:	0
61 + Months:	0

Total Dollar Value of All Criminal Fines Imposed: Not Available (fines can be assessed in lieu of or in addition to prison sentences.)

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES CODE, SECTION 2320* - Trafficking in Counterfeit Goods or Services.

Offense: intentionally trafficking or attempting to traffic in goods or services and knowingly using a counterfeit mark on or in connection with such goods or services.

	FY 2007 - TOTALS (All Districts)
Referrals and Cases:	
Number of Investigative Matters Received by U.S. Attorneys:	170
Number of Defendants:	274
Number of Cases Filed:	95
Number of Defendants:	136
Number of Cases Resolved/Terminated:	74

Number of Defendants:	134

Disposition of Defendants in Concluded Cases:

Number of Defendants Who Pleaded Guilty:	67
Number of Defendants Who Were Tried and Found Guilty:	7
Number of Defendants Against Whom Charge Was Dismissed:	56
Number of Defendants Acquitted:	1
Other Terminated Defendants:	3

Prison Sentencing for Convicted Defendants (# represents defendants):

No Imprisonment:	32
1 to 12 Months Imprisonment:	14
13 to 24 Months:	14
25 to 36 Months:	6
37 to 60 Months:	2
61 + Months:	6

Total Dollar Value of All Criminal Fines Imposed: Not Available
(fines can be assessed in lieu of or in addition to prison sentences)

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information is based upon the defendant's outcome on the individual charge. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTIONS 2318, 2319, 2319A, 2320 OR TITLE 17, UNITED STATES CODE, SECTION 506*

All Districts - All Statutes

Referrals and Cases:	FY 03	FY 04	FY 05	FY 06	FY 07
Number of Investigative Matters Received:	229	269	361	333	368
Number of Defendants:	333	334	642	580	561
Number of Cases Filed:	100	101	143	178	200
Number of Defendants:	165	141	319	297	268
Number of Cases Resolved/Terminated:	65	107	95	155	177
Number of Defendants:	119	137	133	223	278
Disposition of Defendants in Concluded Cases:					
Number of Defendants Who Pleaded Guilty:	87	114	112	178	240
Number of Defendants Who Were Tried and Found Guilty:	5	8	7	9	10
Number of Defendants Against Whom Charges Were Dismissed:	22	8	10	16	15
Number of Defendants Acquitted:	3	1	1	2	1
Other Terminated Defendants:	2	6	3	18	12
Prison Sentencing for Convicted Defendants (# represents defendants):					
No Imprisonment:	50	62	55	91	129
1 to 12 Months Imprisonment:	18	26	29	35	44
13 to 24 Months:	13	14	18	22	33
25 to 36 Months:	1	9	6	13	18
37 to 60 Months:	9	7	7	17	11
61 + Months:	1	4	4	9	15

Statistics on Matters/Cases Originating with the United States Bureau of Customs & Border Protection and Bureau of Immigrations & Customs Enforcement

	FY 07
Referrals and Cases:	
Number of Investigative Matters Received:	144
Number of Defendants:	220
Number of Cases Filed:	61
Number of Defendants:	86
Number of Cases Resolved/Terminated:	46
Number of Defendants:	67
Disposition of Defendants in Concluded Cases:	
Number of Defendants Who Pleaded Guilty:	54
Number of Defendants Who Were Tried and Found Guilty:	3
Number of Defendants Against Whom Charges Were Dismissed:	6
Number of Defendants Acquitted:	1
Other Terminated Defendants:	3
Prison Sentencing for Convicted Defendants (# represents defendants):	
No Imprisonment:	33
1 to 12 Months Imprisonment:	11
13 to 24 Months:	5
25 to 36 Months:	3
37 to 60 Months:	2
61+ Months:	3

*This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information is based upon the overall outcome of the defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes. This chart does not include data on the investigation and prosecution of other intellectual property crimes, such as economic espionage, 18 U.S.C. 1831; theft of trade secrets, 18 U.S.C. 1832; signal piracy, 47 U.S.C. 553 and 605; and circumvention of copyright protection systems, 17 U.S.C. 1201 to 1205. The data for Fiscal Year 2005 does not include month of September 2005 information for the Eastern District of Louisiana due to Hurricane Katrina.

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	2	2	0	0	0	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	1	2	0	0	2	0	0
CALIFORNIA EASTERN	2	2	2	2	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	1	2	1	1	2	4	3	0	1	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
COLORADO	1	1	0	0	0	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	1	1	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	1	1	1	1	0	0	0	0	0	0	0
FLORIDA SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	1	2	1	0	1	0	0
GEORGIA SOUTHERN	0	0	0	0	1	1	1	0	0	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	1	1	1	1	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	3	6	3	5	3	5	0	0	3	0	2
KENTUCKY WESTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	1	1	0	0	0	1	1	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0	0	0	0	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0	0	0	0	0	0
MINNESOTA	1	1	1	1	1	1	1	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	2	2	0	0	0	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	2	2	2	2	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK NORTHERN	1	1	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	5	5	5	7	2	3	2	0	0	1	0
NEW YORK WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	1	1	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	2	3	0	0	1	1	1	0	0	0	0
PUERTO RICO	0	0	0	0	2	3	2	0	1	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS NORTHERN	1	1	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	1	1	0	0	0	0	0	0	0	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	1	2	0	0	0	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	5	5	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	37	43	18	22	14	23	12	0	8	1	2

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2318 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	2	1
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	1	0
GEORGIA SOUTHERN	1	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	1	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	1	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	1	0	0	0	1	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318 - TRAFFICKING IN COUNTERFEIT LABELS FOR PHONO RECORDS AND COPIES OF MOTION PICTURES OR OTHER AUDIOVISUAL WORKS

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	0	1	0	0	0
PUERTO RICO	0	0	2	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHER	0	0	0	0	0	0
WEST VIRGINIA SOUTHER	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
Grand Total	3	0	4	0	4	1

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2318 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2318 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2318

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	4	4	4	4	3	3	3	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	1	2	0	0	1	1	0	0	1	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	1	1	1	1	2	2	2	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	11	14	8	8	6	6	6	0	0	0	0
CALIFORNIA EASTERN	4	6	2	2	0	1	1	0	0	0	0
CALIFORNIA NORTHERN	7	12	8	13	15	31	30	0	0	0	1
CALIFORNIA SOUTHERN	1	1	0	0	1	3	0	0	3	0	0
COLORADO	2	2	1	1	2	2	1	0	1	0	0
CONNECTICUT	2	2	2	2	2	2	2	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	2	2	0	0	1	1	1	0	0	0	0
FLORIDA MIDDLE	2	4	0	0	1	1	1	0	0	0	0
FLORIDA NORTHERN	3	5	2	2	1	1	0	0	1	0	0
FLORIDA SOUTHERN	1	1	1	1	0	0	0	0	0	0	0
GEORGIA MIDDLE	0	2	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	2	2	0	0	1	2	0	0	2	0	0
GEORGIA SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	1	1	1	1	1	1	1	0	0	0	0
IDAHO	0	1	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	3	3	1	1	2	4	1	0	1	1	1
ILLINOIS SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	3	8	2	5	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	1	1	1	1	1	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	4	4	3	3	2	2	0	0	0	0	2
KANSAS	0	0	1	1	1	1	1	0	0	0	0
KENTUCKY EASTERN	4	6	4	6	4	6	4	0	0	0	2
KENTUCKY WESTERN	3	11	2	8	0	0	0	0	0	0	0
LOUISIANA EASTERN	6	6	1	1	0	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	1	1	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	1	2	5	0	3	2	0	1	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	2	2	0	0	0	0	0	0	0	0	0
MASSACHUSETTS	1	1	0	0	1	1	1	0	0	0	0
MICHIGAN EASTERN	4	5	2	2	2	2	2	0	0	0	0
MICHIGAN WESTERN	4	6	1	1	0	0	0	0	0	0	0
MINNESOTA	2	2	1	1	1	1	1	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	3	5	4	0	1	0	0
MISSOURI EASTERN	1	1	1	1	1	1	1	0	0	0	0
MISSOURI WESTERN	2	2	1	1	1	1	1	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	1	0	0	0	0	0	0	0	0	0
NEVADA	1	1	1	1	2	4	4	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	3	4	2	2	0	0	0	0	0	0	0
NEW MEXICO	2	2	2	2	1	1	1	0	0	0	0
NEW YORK EASTERN	1	1	0	0	2	2	1	0	1	0	0
NEW YORK NORTHERN	2	2	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	17	17	20	22	4	4	4	0	0	0	0
NEW YORK WESTERN	1	1	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	1	1	2	0	1	1	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	2	2	0	0	2	2	2	0	0	0	0
NORTH DAKOTA	0	0	0	0	3	3	3	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	39	64	1	1	0	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	1	1	1	0	0	0	0	0	0	0
OREGON	1	1	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	2	2	1	1	1	5	5	0	0	0	0
PENNSYLVANIA MIDDLE	2	4	1	1	1	1	0	0	1	0	0

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	0	0	0	0	1	1	1	0	0	0	0
PUERTO RICO	7	8	6	7	6	7	7	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	1	1	1	1	1	1	1	0	0	0	0
SOUTH DAKOTA	2	3	2	3	1	1	1	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	1	1	0	0	2	3	3	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	1	1	1	0	0	0	0
TEXAS NORTHERN	3	4	1	1	3	4	4	0	0	0	0
TEXAS SOUTHERN	2	2	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	2	3	1	1	1	2	2	0	0	0	0
UTAH	0	0	2	3	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	7	23	6	11	11	13	10	0	3	0	0
VIRGINIA WESTERN	1	1	1	1	1	1	1	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	2	2	1	0	1	0	0
WASHINGTON WESTERN	0	0	0	0	1	1	1	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	5	5	6	6	2	2	2	0	0	0	0
WISCONSIN WESTERN	1	1	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	190	278	110	140	105	147	123	0	17	1	6

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant.
However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant.
Displayed defendant outcome information based upon the outcome of the charge only, and does not necessarily represent the overall outcome of a defendant.
Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving
18 U.S.C. 2319 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	2	1	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	2	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	6	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	1	0
CALIFORNIA NORTHERN	25	1	0	1	2	1
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	1	0	0	0	0	0
CONNECTICUT	2	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	1	0	0	0	0
FLORIDA MIDDLE	1	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	1	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	1	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	1	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	1	0	0	0
KENTUCKY EASTERN	1	2	1	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	2	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	1	0	0	0	0	0
MICHIGAN EASTERN	0	2	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	1	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	1	2	1	0	0	0
MISSOURI EASTERN	1	0	0	0	0	0
MISSOURI WESTERN	0	1	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	4	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	1	0	0	0	0	0
NEW YORK EASTERN	0	1	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	3	1	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	1	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	2	0	0	0	0
NORTH DAKOTA	2	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	1	2	2	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2319, TITLE 17, UNITED STATES CODE, SECTION 506 - CRIMINAL INFRINGEMENT OF A COPYRIGHT
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	1	0	0	0	0
PUERTO RICO	4	1	2	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	1	0	0	0	0
SOUTH DAKOTA	1	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	2	1	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	1	0	0	0	0	0
TEXAS NORTHERN	4	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	2	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	6	0	2	1	0	1
VIRGINIA WESTERN	0	1	0	0	0	0
WASHINGTON EASTERN	0	1	0	0	0	0
WASHINGTON WESTERN	1	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	1	1	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	77	23	11	5	5	2

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the outcome of the charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319.

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0	0	0	0	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASES FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0	0	0	0	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	0	0	0	0	0	0	0	0	0	0	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2319A charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	0	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	0	0	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	0	0	0	0	0	0
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	0	0	0	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	0	0	0	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	0	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	0	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	0	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES, SECTION 2319A - UNAUTHORIZED FIXATION OF AND TRAFFICKING IN SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	0	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	0	0	0	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	0	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	0	0	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	0	0	0	0	0	0

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2319A was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2319A charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2319A where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2319A.

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
ALABAMA NORTHERN	3	4	1	1	2	3	2	0	1	0	0
ALABAMA SOUTHERN	4	4	0	0	1	1	1	0	0	0	0
ALASKA	1	1	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	3	4	1	1	0	0	0	0	0	0	0
ARKANSAS WESTERN	9	17	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	9	15	9	10	7	12	8	0	3	0	1
CALIFORNIA EASTERN	3	4	3	3	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	3	3	1	1	2	3	3	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	1	3	0	0	3	0	0
COLORADO	1	1	0	0	0	1	0	0	1	0	0
CONNECTICUT	0	0	0	0	0	0	0	0	0	0	0
DELAWARE	1	1	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	2	7	2	2	1	1	1	0	0	0	0
FLORIDA NORTHERN	1	2	2	3	1	2	2	0	0	0	0
FLORIDA SOUTHERN	4	15	5	17	5	10	3	1	6	0	0
GEORGIA MIDDLE	0	0	1	3	0	0	0	0	0	0	0
GEORGIA NORTHERN	4	7	1	4	3	7	5	0	2	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	1	0	0	1	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	1	1	2	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	1	3	0	0	1	2	0	0	2	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	3	5	1	1	2	4	4	0	0	0	0
INDIANA SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	2	4	3	5	2	3	0	0	0	1	2
KENTUCKY WESTERN	2	2	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	10	12	5	5	3	3	3	0	0	0	0
LOUISIANA MIDDLE	1	4	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	1	1	0	0	0	0	0	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	2	2	1	1	0	5	0	0	5	0	0
MASSACHUSETTS	0	0	0	0	1	1	1	0	0	0	0
MICHIGAN EASTERN	2	10	1	1	3	5	2	0	3	0	0
MICHIGAN WESTERN	2	5	1	3	1	3	1	0	2	0	0
MINNESOTA	4	4	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	4	5	1	1	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	6	8	2	2	2	2	0	0	2	0	0
MISSOURI EASTERN	1	2	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	3	3	2	2	0	0	0	0	0	0	0
MONTANA	0	0	0	0	1	1	1	0	0	0	0
NEBRASKA	1	1	0	0	0	0	0	0	0	0	0
NEVADA	2	2	0	0	2	2	2	0	0	0	0
NEW HAMPSHIRE	3	5	0	0	1	1	1	0	0	0	0
NEW JERSEY	2	2	2	2	1	18	0	2	16	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	2	10	3	8	0	0	0	0	0	0	0
NEW YORK NORTHERN	1	1	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	9	18	7	8	3	8	7	0	1	0	0
NEW YORK WESTERN	3	6	1	4	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	1	1	1	1	0	0	1	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	2	2	1	1	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	2	2	1	1	0	0	0	0	0	0	0
OHIO SOUTHERN	1	3	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	1	2	1	0	1	0	0
OREGON	2	4	1	1	1	1	0	0	1	0	0
PENNSYLVANIA EASTERN	1	1	2	2	3	3	3	0	0	0	0
PENNSYLVANIA MIDDLE	1	1	1	1	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES

CRIMINAL CASELOAD STATISTICS*

FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						DISPOSITION OF CHARGE				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	4	4	1	1	3	3	1	1	1	0	0
PUERTO RICO	0	0	0	0	0	0	0	0	0	0	0
RHODE ISLAND	1	1	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	5	9	9	12	8	10	8	1	1	0	0
SOUTH DAKOTA	0	1	1	2	0	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	2	2	1	1	0	0	0	0	0	0	0
TEXAS EASTERN	2	3	1	1	0	0	0	0	0	0	0
TEXAS NORTHERN	1	2	1	1	1	1	0	0	1	0	0
TEXAS SOUTHERN	0	0	0	0	1	1	0	1	0	0	0
TEXAS WESTERN	4	6	4	5	2	2	2	0	0	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	20	24	6	8	5	6	4	1	1	0	0
VIRGINIA WESTERN	1	1	1	1	1	1	1	0	0	0	0
WASHINGTON EASTERN	3	3	3	3	0	0	0	0	0	0	0
WASHINGTON WESTERN	1	2	1	2	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	1	1	1	1	1	1	0	0	1	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	170	274	95	136	74	134	67	7	56	1	3

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2320 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	0	0	0	0	0	0
ALABAMA NORTHERN	1	0	0	0	1	0
ALABAMA SOUTHERN	1	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	3	3	2	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	1	0	1	0	1
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	1	0	0	0	0	0
FLORIDA NORTHERN	0	1	1	0	0	0
FLORIDA SOUTHERN	1	0	0	1	0	2
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	3	1	1	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	0	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	3	0	1	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	2	1	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	0	0	0	0	0	0
MASSACHUSETTS	1	0	0	0	0	0
MICHIGAN EASTERN	1	0	1	0	0	0
MICHIGAN WESTERN	0	1	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	1	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	2	0	0	0	0	0
NEW HAMPSHIRE	1	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	2
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	3	1	1	0	1	1
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	1	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	1	0	1	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2320 - TRAFFICKING IN COUNTERFEIT GOODS OR SERVICES
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	2	0	0	0	0	0
PUERTO RICO	0	0	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	5	3	1	0	0	0
SOUTH DAKOTA	0	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	0	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	0
TEXAS SOUTHERN	0	0	1	0	0	0
TEXAS WESTERN	0	0	0	2	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	2	0	3	0	0	0
VIRGINIA WESTERN	0	0	0	1	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	32	14	14	6	2	6

*Caseload data extracted from the United States Attorneys' Case Management System.
**FY 2007 numbers are actual data through the end of September 2007.
***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2320 was brought as any charge against a defendant. Displayed defendant outcome information based upon the outcome of the 18 U.S.C. 2320 charge only, and does not necessarily represent the overall outcome of a defendant. Defendants against whom charges were dismissed may have been convicted of other, related offenses. This chart may not include criminal cases or matters involving 18 U.S.C. 2320 where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate 18 U.S.C. 2320.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	4	4	3	3	2	2	2	0	0	0	0
ALABAMA NORTHERN	1	1	1	1	1	2	1	0	0	0	1
ALABAMA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0	0	0	0	0	0
ARKANSAS EASTERN	2	3	1	1	0	0	0	0	0	0	0
ARKANSAS WESTERN	9	17	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	7	7	9	9	4	4	4	0	0	0	0
CALIFORNIA EASTERN	2	2	2	2	0	0	0	0	0	0	0
CALIFORNIA NORTHERN	3	4	0	0	0	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0	0	0	0	0	0
CONNECTICUT	1	1	0	0	0	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0	0	0	0	0	0
FLORIDA MIDDLE	1	2	0	0	0	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
FLORIDA SOUTHERN	2	5	2	6	4	5	3	1	1	0	0
GEORGIA MIDDLE	0	0	1	3	0	0	0	0	0	0	0
GEORGIA NORTHERN	1	3	1	4	2	6	4	0	2	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
GUAM	0	0	0	0	0	1	0	0	1	0	0
HAWAII	0	0	0	0	0	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	1	3	0	0	1	2	2	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	2	4	0	0	2	4	4	0	0	0	0
INDIANA SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
IOWA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0	0	0	0	0	0
KENTUCKY EASTERN	2	4	2	3	2	3	0	0	0	1	2
KENTUCKY WESTERN	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA EASTERN	8	8	3	3	2	2	2	0	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	0	1	3	0	2	2	0	0	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	2	2	1	1	0	5	5	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0	0	0	0	0	0
MICHIGAN EASTERN	0	0	0	0	1	1	1	0	0	0	0
MICHIGAN WESTERN	2	3	1	1	0	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0	0	0	0	0	0
MISSISSIPPI NORTHERN	4	5	1	1	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	2	2	2	2	2	2	0	0	2	0	0
MISSOURI EASTERN	0	0	0	0	0	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0	0	0	0	0	0
NEBRASKA	1	1	0	0	0	0	0	0	0	0	0
NEVADA	2	2	0	0	3	3	3	0	0	0	0
NEW HAMPSHIRE	2	4	0	0	0	0	0	0	0	0	0
NEW JERSEY	2	3	2	2	0	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0	0	0	0	0	0
NEW YORK EASTERN	2	10	3	8	0	0	0	0	0	0	0
NEW YORK NORTHERN	2	2	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	3	6	3	3	1	1	1	0	0	0	0
NEW YORK WESTERN	4	7	1	4	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	2	2	1	1	0	0	0	0	0	0	0
NORTH DAKOTA	0	0	0	0	2	2	2	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	38	63	0	0	0	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0	0	0	0	0	0
OREGON	2	2	1	1	0	0	0	0	0	0	0
PENNSYLVANIA EASTERN	0	0	1	1	1	1	1	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	0	0	0	0	1	1	0	1	0	0	0
PUERTO RICO	1	1	1	1	1	1	1	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	5	7	8	11	7	9	8	1	0	0	0
SOUTH DAKOTA	0	1	2	3	1	1	1	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE WESTERN	2	2	0	0	0	0	0	0	0	0	0
TEXAS EASTERN	1	2	0	0	1	1	1	0	0	0	0
TEXAS NORTHERN	1	2	1	1	1	1	1	0	0	0	0
TEXAS SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
TEXAS WESTERN	5	7	4	5	2	2	2	0	0	0	0
UTAH	0	0	0	0	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	10	13	2	2	2	3	3	0	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0	0	0	0	0	0
WASHINGTON WESTERN	1	1	0	0	0	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	144	220	61	86	46	67	54	3	6	1	3

*Caseload data extracted from the United States Attorneys' Case Management System.
**FY 2007 numbers are actual data through the end of September 2007.
***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	1	1	0	0	0	0
ALABAMA NORTHERN	0	0	0	0	1	0
ALABAMA SOUTHERN	0	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	0	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	1	3	0	0	0	0
CALIFORNIA EASTERN	0	0	0	0	0	0
CALIFORNIA NORTHERN	0	0	0	0	0	0
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	0	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	0	0	0	0	0
FLORIDA MIDDLE	0	0	0	0	0	0
FLORIDA NORTHERN	0	0	0	0	0	0
FLORIDA SOUTHERN	1	0	0	1	0	2
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	3	0	1	0	0	0
GEORGIA SOUTHERN	0	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	0	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	2	0	0	0	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	3	0	1	0	0	0
INDIANA SOUTHERN	0	0	0	0	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	0	0	0	0
KENTUCKY EASTERN	0	0	0	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	1	1	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	2	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	5	0	0	0	0	0
MASSACHUSETTS	0	0	0	0	0	0
MICHIGAN EASTERN	1	0	0	0	0	0
MICHIGAN WESTERN	0	0	0	0	0	0
MINNESOTA	0	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	0	0	0	0	0	0
MISSOURI EASTERN	0	0	0	0	0	0
MISSOURI WESTERN	0	0	0	0	0	0
MONTANA	0	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	3	0	0	0	0	0
NEW HAMPSHIRE	0	0	0	0	0	0
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO	0	0	0	0	0	0
NEW YORK EASTERN	0	0	0	0	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	0	0	0	0	1	0
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	0	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	0	0	0	0	0
NORTH DAKOTA	1	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	0	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	0	0	0	0	0
PENNSYLVANIA MIDDLE	0	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
FOR THE UNITED STATES BUREAU OF CUSTOMS & BORDER PROTECTION AND BUREAU OF IMMIGRATION & CUSTOMS ENFORCEMENT ONLY
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	1	0	0	0	0	0
PUERTO RICO	0	1	0	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	4	4	1	0	0	0
SOUTH DAKOTA	1	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	0	0	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	1	0	0	0	0	0
TEXAS NORTHERN	0	0	0	0	0	1
TEXAS SOUTHERN	0	0	0	0	0	0
TEXAS WESTERN	0	0	0	2	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	2	0	1	0	0	0
VIRGINIA WESTERN	0	0	0	0	0	0
WASHINGTON EASTERN	0	0	0	0	0	0
WASHINGTON WESTERN	0	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	0	0	0	0	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	33	11	5	3	2	3

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
ALABAMA MIDDLE	6	6	4	4	3	3	3	0	0	0	0
ALABAMA NORTHERN	3	4	1	1	2	3	2	0	0	0	1
ALABAMA SOUTHERN	5	6	0	0	1	1	1	0	0	0	0
ALASKA	1	1	0	0	0	0	0	0	0	0	0
ARIZONA	1	1	1	1	2	2	2	0	0	0	0
ARKANSAS EASTERN	3	4	1	1	0	0	0	0	0	0	0
ARKANSAS WESTERN	9	17	0	0	0	0	0	0	0	0	0
CALIFORNIA CENTRAL	20	29	17	18	14	19	18	0	0	0	1
CALIFORNIA EASTERN	5	8	3	3	0	1	1	0	0	0	0
CALIFORNIA NORTHERN	11	17	9	14	15	32	31	0	0	0	1
CALIFORNIA SOUTHERN	1	1	0	0	1	3	0	0	0	0	3
COLORADO	4	4	1	1	2	3	3	0	0	0	0
CONNECTICUT	2	2	2	2	2	2	2	0	0	0	0
DELAWARE	1	1	0	0	0	0	0	0	0	0	0
DISTRICT OF COLUMBIA	2	2	0	0	1	1	1	0	0	0	0
FLORIDA MIDDLE	5	12	2	2	2	2	2	0	0	0	0
FLORIDA NORTHERN	3	5	3	4	2	3	3	0	0	0	0
FLORIDA SOUTHERN	4	15	6	18	5	10	8	1	1	0	0
GEORGIA MIDDLE	0	2	1	3	0	0	0	0	0	0	0
GEORGIA NORTHERN	6	9	1	4	5	10	6	0	4	0	0
GEORGIA SOUTHERN	1	1	0	0	1	1	1	0	0	0	0
GUAM	0	0	0	0	0	1	0	0	1	0	0
HAWAII	1	1	1	1	1	1	1	0	0	0	0
IDAHO	0	1	1	2	0	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0	0	0	0	0	0
ILLINOIS NORTHERN	4	6	1	1	3	6	3	2	0	0	1
ILLINOIS SOUTHERN	1	1	0	0	0	0	0	0	0	0	0
INDIANA NORTHERN	5	12	2	5	2	4	4	0	0	0	0
INDIANA SOUTHERN	1	1	1	1	1	1	1	0	0	0	0
IOWA NORTHERN	1	1	0	0	0	0	0	0	0	0	0
IOWA SOUTHERN	4	4	3	3	2	2	0	0	0	0	2
KANSAS	0	0	1	1	1	1	1	0	0	0	0
KENTUCKY EASTERN	5	9	6	9	5	7	4	0	0	1	2
KENTUCKY WESTERN	5	13	2	8	0	0	0	0	0	0	0
LOUISIANA EASTERN	16	18	6	6	3	4	4	0	0	0	0
LOUISIANA MIDDLE	1	4	1	1	0	0	0	0	0	0	0
LOUISIANA WESTERN	0	1	3	6	0	3	2	0	1	0	0
MAINE	0	0	0	0	0	0	0	0	0	0	0
MARYLAND	4	4	1	1	0	5	5	0	0	0	0
MASSACHUSETTS	1	1	0	0	2	2	2	0	0	0	0
MICHIGAN EASTERN	6	15	3	3	5	7	7	0	0	0	0
MICHIGAN WESTERN	5	10	2	4	1	3	3	0	0	0	0
MINNESOTA	6	6	1	1	1	1	1	0	0	0	0
MISSISSIPPI NORTHERN	4	5	1	1	0	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	8	10	2	2	5	7	4	0	3	0	0
MISSOURI EASTERN	2	3	1	1	1	1	1	0	0	0	0
MISSOURI WESTERN	5	5	3	3	1	1	1	0	0	0	0
MONTANA	0	0	0	0	1	1	1	0	0	0	0
NEBRASKA	1	2	0	0	0	0	0	0	0	0	0
NEVADA	3	3	1	1	4	6	6	0	0	0	0
NEW HAMPSHIRE	3	5	0	0	1	1	1	0	0	0	0
NEW JERSEY	3	4	2	2	1	18	12	2	3	0	1
NEW MEXICO	2	2	2	2	1	1	1	0	0	0	0
NEW YORK EASTERN	3	11	3	8	2	2	2	0	0	0	0
NEW YORK NORTHERN	4	4	0	0	0	0	0	0	0	0	0
NEW YORK SOUTHERN	28	37	28	31	9	15	14	1	0	0	0
NEW YORK WESTERN	4	7	1	4	0	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	1	2	3	1	2	2	0	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0	0	0	0	0	0
NORTH CAROLINA WESTERN	4	4	1	1	2	2	2	0	0	0	0
NORTH DAKOTA	0	0	0	0	3	3	3	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0	0	0	0	0	0
OHIO NORTHERN	42	67	2	2	0	0	0	0	0	0	0
OHIO SOUTHERN	2	4	1	1	0	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
OKLAHOMA WESTERN	0	1	1	1	1	2	2	0	0	0	0
OREGON	3	5	1	1	1	1	0	0	1	0	0
PENNSYLVANIA EASTERN	3	3	3	3	4	8	8	0	0	0	0
PENNSYLVANIA MIDDLE	3	5	2	2	1	1	1	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

	REFERRALS AND CASES						OVERALL DISPOSITION OF THE DEFENDANT				
DISTRICT	MATTER RECEIVE COUNT	MATTER RECEIVE DEFEND	CASE FILED COUNT	CASES FILED DEFEND	CASES TERM COUNT	CASES TERM DEFEND	GUILTY PLEAS DEFEND	GUILTY VERDICT DEFEND	DISMISS DEFEND COUNT	ACQUIT DEFEND COUNT	OTHER TERM DEFEND
PENNSYLVANIA WESTERN	6	7	1	1	4	4	3	1	0	0	0
PUERTO RICO	7	8	6	7	6	7	7	0	0	0	0
RHODE ISLAND	1	1	0	0	0	0	0	0	0	0	0
SOUTH CAROLINA	6	10	10	13	9	11	10	1	0	0	0
SOUTH DAKOTA	2	4	3	5	1	1	1	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0	0	0	0	0	0
TENNESSEE MIDDLE	1	1	0	0	2	3	3	0	0	0	0
TENNESSEE WESTERN	2	2	1	1	0	0	0	0	0	0	0
TEXAS EASTERN	2	3	1	1	1	1	1	0	0	0	0
TEXAS NORTHERN	5	7	2	2	4	5	5	0	0	0	0
TEXAS SOUTHERN	2	2	0	0	1	1	0	1	0	0	0
TEXAS WESTERN	7	10	5	6	3	4	4	0	0	0	0
UTAH	0	0	2	3	0	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0
VIRGINIA EASTERN	28	49	12	17	14	17	16	1	0	0	0
VIRGINIA WESTERN	2	2	2	2	2	2	2	0	0	0	0
WASHINGTON EASTERN	3	3	3	3	2	2	1	0	1	0	0
WASHINGTON WESTERN	1	2	1	2	1	1	1	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0	0	0	0	0	0
WISCONSIN EASTERN	6	6	7	7	3	3	3	0	0	0	0
WISCONSIN WESTERN	1	1	0	0	0	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTALS	368	561	200	268	177	278	240	10	15	1	12

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
ALABAMA MIDDLE	2	1	0	0	0	0
ALABAMA NORTHERN	1	0	0	0	1	0
ALABAMA SOUTHERN	1	0	0	0	0	0
ALASKA	0	0	0	0	0	0
ARIZONA	2	0	0	0	0	0
ARKANSAS EASTERN	0	0	0	0	0	0
ARKANSAS WESTERN	0	0	0	0	0	0
CALIFORNIA CENTRAL	10	3	2	2	0	1
CALIFORNIA EASTERN	0	0	0	0	1	0
CALIFORNIA NORTHERN	25	2	0	1	2	1
CALIFORNIA SOUTHERN	0	0	0	0	0	0
COLORADO	2	1	0	0	0	0
CONNECTICUT	2	0	0	0	0	0
DELAWARE	0	0	0	0	0	0
DISTRICT OF COLUMBIA	0	1	0	0	0	0
FLORIDA MIDDLE	2	0	0	0	0	0
FLORIDA NORTHERN	0	1	2	0	0	0
FLORIDA SOUTHERN	1	0	1	2	1	4
GEORGIA MIDDLE	0	0	0	0	0	0
GEORGIA NORTHERN	3	1	1	0	1	0
GEORGIA SOUTHERN	1	0	0	0	0	0
GUAM	0	0	0	0	0	0
HAWAII	0	1	0	0	0	0
IDAHO	0	0	0	0	0	0
ILLINOIS CENTRAL	0	0	0	0	0	0
ILLINOIS NORTHERN	3	0	0	2	0	0
ILLINOIS SOUTHERN	0	0	0	0	0	0
INDIANA NORTHERN	3	0	1	0	0	0
INDIANA SOUTHERN	0	0	0	1	0	0
IOWA NORTHERN	0	0	0	0	0	0
IOWA SOUTHERN	0	0	0	0	0	0
KANSAS	0	0	1	0	0	0
KENTUCKY EASTERN	1	2	1	0	0	0
KENTUCKY WESTERN	0	0	0	0	0	0
LOUISIANA EASTERN	0	2	2	0	0	0
LOUISIANA MIDDLE	0	0	0	0	0	0
LOUISIANA WESTERN	2	0	0	0	0	0
MAINE	0	0	0	0	0	0
MARYLAND	5	0	0	0	0	0
MASSACHUSETTS	2	0	0	0	0	0
MICHIGAN EASTERN	2	2	3	0	0	0
MICHIGAN WESTERN	1	2	0	0	0	0
MINNESOTA	1	0	0	0	0	0
MISSISSIPPI NORTHERN	0	0	0	0	0	0
MISSISSIPPI SOUTHERN	1	2	1	0	0	0
MISSOURI EASTERN	1	0	0	0	0	0
MISSOURI WESTERN	0	1	0	0	0	0
MONTANA	1	0	0	0	0	0
NEBRASKA	0	0	0	0	0	0
NEVADA	6	0	0	0	0	0
NEW HAMPSHIRE	1	0	0	0	0	0
NEW JERSEY	5	3	0	1	0	5
NEW MEXICO	1	0	0	0	0	0
NEW YORK EASTERN	0	1	0	1	0	0
NEW YORK NORTHERN	0	0	0	0	0	0
NEW YORK SOUTHERN	8	2	1	0	2	2
NEW YORK WESTERN	0	0	0	0	0	0
NORTH CAROLINA EASTERN	0	1	1	0	0	0
NORTH CAROLINA MIDDLE	0	0	0	0	0	0
NORTH CAROLINA WESTERN	0	2	0	0	0	0
NORTH DAKOTA	2	1	0	0	0	0
NORTHERN MARIANAS	0	0	0	0	0	0
OHIO NORTHERN	0	0	0	0	0	0
OHIO SOUTHERN	0	0	0	0	0	0
OKLAHOMA EASTERN	0	0	0	0	0	0
OKLAHOMA NORTHERN	0	0	0	0	0	0
OKLAHOMA WESTERN	0	0	2	0	0	0
OREGON	0	0	0	0	0	0
PENNSYLVANIA EASTERN	1	1	1	3	2	0
PENNSYLVANIA MIDDLE	1	0	0	0	0	0

TITLE 18, UNITED STATES CODE, SECTION 2318, 2319, 2319A, 2320, and TITLE 17, UNITED STATES CODE, SECTION 506 COMBINED
CRIMINAL CASELOAD STATISTICS*
FISCAL YEAR 2007 REPORTED as of SEPTEMBER 30, 2007**

PRISON SENTENCING

DISTRICT	NOT IMPRIS	1-12 MONTHS	13-24 MONTHS	25-36 MONTHS	37-60 MONTHS	60+ MONTHS
PENNSYLVANIA WESTERN	2	1	1	0	0	0
PUERTO RICO	4	1	2	0	0	0
RHODE ISLAND	0	0	0	0	0	0
SOUTH CAROLINA	5	5	1	0	0	0
SOUTH DAKOTA	1	0	0	0	0	0
TENNESSEE EASTERN	0	0	0	0	0	0
TENNESSEE MIDDLE	2	1	0	0	0	0
TENNESSEE WESTERN	0	0	0	0	0	0
TEXAS EASTERN	1	0	0	0	0	0
TEXAS NORTHERN	4	0	0	0	0	1
TEXAS SOUTHERN	0	0	1	0	0	0
TEXAS WESTERN	0	0	2	2	0	0
UTAH	0	0	0	0	0	0
VERMONT	0	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	0	0
VIRGINIA EASTERN	8	0	6	1	1	1
VIRGINIA WESTERN	0	1	0	1	0	0
WASHINGTON EASTERN	0	1	0	0	0	0
WASHINGTON WESTERN	1	0	0	0	0	0
WEST VIRGINIA NORTHERN	0	0	0	0	0	0
WEST VIRGINIA SOUTHERN	0	0	0	0	0	0
WISCONSIN EASTERN	1	1	0	1	0	0
WISCONSIN WESTERN	0	0	0	0	0	0
WYOMING	0	0	0	0	0	0
GRAND TOTALS	129	44	33	18	11	15

*Caseload data extracted from the United States Attorneys' Case Management System.

**FY 2007 numbers are actual data through the end of September 2007.

***This chart includes data on any and all criminal cases/defendants where 18 U.S.C. 2318, 2319, 2319A, 2320 or 17 U.S.C. 506 was brought as any charge against a defendant. However, the statutes were run together to eliminate any double counting of cases/defendants where more than one of the statutes was charged against the same defendant. Displayed defendant outcome information based upon the overall outcome of a defendant. This chart may not include criminal cases/defendants involving 18 U.S.C. 2318, 18 U.S.C. 2319, 18 U.S.C. 2319A, 18 U.S.C. 2320, or 17 U.S.C. 506, where the lead charge, charges filed, or charges of conviction include only a conspiracy to violate any of the identified statutes.

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APPENDIX G

Acronyms

A

AAG	Assistant Attorney General
AAGA	Assistant Attorney General for Administration
ACA	American Correctional Association
ACES	Analytic Cadre Education Strategy
ACS	Automated Case Support
ACTS	Automated Case Tracking System
ADC	Assistant Division Counsel
ADIC	Assistant Director in Charge
ADR	Alternative Dispute Resolution
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFP	Assets Forfeiture Program
AMP	Asset Management Plan
ANSIR	Automated Nationwide System for Immigration Review
APB	Advisory Policy Board
ASU	Analytical Support Unit
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division
AUSA	Assistant United States Attorneys

B

BFS	Budgetary Financing Sources
BIA	Board of Immigration Appeals
BOP	Bureau of Prisons

C

CAP	Cooperative Agreement Program
CAU	Communications Analysis Unit
CBO	Community-Based Organizations
CBT	Computer-Based Training
CCIPS	Computer Crime and Intellectual Property Section
CDC	Chief Division Counsel
CDP	Candidate Development Program
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHIP	Computer Hacking and Intellectual Property
CIA	Central Intelligence Agency
CID	Criminal Investigation Division
CIO	Chief Information Officer
CIV	Civil Division
CJIS	Criminal Justice Information Services

CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
COTS	Commercial-Off-The-Shelf
CPC	Capacity Planning Committee
CPOT	Consolidated Priority Organization Target
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSRS	Civil Service Retirement System
CT	Counterterrorism
CTD	Counterterrorism Division
CW	Cooperating Witness
CY	Calendar Year

D

DAG	Deputy Attorney General
DAOG	Debt Accounting Operations Group
DCIA	Debt Collection Improvement Act of 1996
DEA	Drug Enforcement Administration
Department, The	Department of Justice
DHS	Department of Homeland Security
DI	Directorate of Intelligence
DIRB	Department Investment Review Board
DNI	Director of National Intelligence
DOJ	Department of Justice
DOL	Department of Labor
DRMS	Department Rent Management System

E

EA	Enterprise Architecture
EAMMF	Enterprise Architecture Management Maturity Framework
EAPMO	Enterprise Architecture Program Management Office
EC	Electronic Communication
ECPA	Electronic Communications Privacy Act
EFT	Electronic Funds Transfer
ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
eTS	eTravel System
EVM	Earned Value Management

F

FAIR Act	Federal Activities Inventory Reform Act
FASAB	Federal Accounting Standards Advisory Board
FBCO	Faith-Based and Community Organization
FBI	Federal Bureau of Investigation
FBI HQ	FBI Headquarters

FBO	Faith-Based Organizations
FCI	Federal Correctional Institute
FCP	Financial Crimes Program
FCRA	Fair Credit Reporting Act
FEA	Federal Enterprise Architecture
FECA	Federal Employees Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FISA	Foreign Intelligence Surveillance Act
FISAMS	FISA Management System
FISCAM	Federal Information Systems Controls Audit Manual
FISMA	Federal Information Security Management Act
FLS	Federal Licensing System
FMFIA	Federal Managers' Financial Integrity Act
FMIS	Financial Management Information System
FOC	Final Operating Capability
FPI	Federal Prison Industries, Inc.
FRPC	Federal Real Property Council
FTE	Full-Time Equivalent
FTTTF	Foreign Terrorist Tracking Task Force
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GFIRST	Government Forum of Incident Response and Security Teams
GMRA	Government Management Reform Act
GMS	Grants Management System
GPEA	Government Paperwork Elimination Act
GPRA	Government Performance and Results Act
GS	General Schedule

H

HC	Human Capital
HCSP	Human Capital Strategic Plan
HHS	Department of Health and Human Services

I

I&I	Integration and Implementation
IA	Intelligence Analyst
IAFIS	Integrated Automated Fingerprint Identification System
IBC	Intelligence Basic Course
IC	Intelligence Community
IC3	Internet Crimes Complaint Center
ICE	Immigration and Customs Enforcement
ICS	Intelligence Career Service

IDENT	DHS' Automated Fingerprint Identification Database
IEEPA	International Emergency Economic Powers Act
IG	Inspector General
IGA	Intergovernmental Agreement
IHP	Institutional Hearing Program
III	Interstate Identification Index
IINI	Innocent Images National Initiative
INSD	Inspection Division
Integrity Act	Federal Managers' Financial Integrity Act
IOB	Intelligence Oversight Board
IPIA	Improper Payments Information Act
IPPA	Intellectual Property Protection Act of 2007
IPR	Intellectual Property Rights
IREO	Internal Review and Evaluation Office
IRM	Information Resource Management
ISRAA	Integrated Statistical Reporting and Analysis Application
IT	Information Technology
ITIM	IT Investment Management
IV&V	Independent Verification and Validation
IVRS	Integrated Violence Reduction Strategy
IWN	Integrated Wireless Network

J

JABS	Joint Automated Booking System
JFMIP	Joint Financial Management Improvement Program
JMD	Justice Management Division
JRSA	Justice Research and Statistics Association
JTTF	Joint Terrorism Task Force
JVU	Justice Virtual University
JWP-CC	Joint Wireless Programs Coordinating Council

L

LCMD	Life Cycle Management Directive
LCN	La Cosa Nostra
LEO	Law Enforcement Online
LMS	Learning Management System
LTTE	Liberation Tigers of Tamil Eelam

M

MOA	Memorandum of Agreement
MOU	Memorandum of Understanding

N

NAPA	National Academy of Public Administration
NCIC	National Crime Information Center

NCMEC	National Center for Missing and Exploited Children
NCTC	National Counterterrorism Center
NCVS	National Crime Victimization Survey
NDIC	National Drug Intelligence Center
NDIU	Nominations and Data Integrity Unit
NIBIN	National Integrated Ballistic Information Network
NICS	National Instant Criminal Background Check System
NIJ	National Institute of Justice
NIST	National Institute of Standards and Technology
NSB	National Security Branch
NSD	National Security Division
NSL	National Security Letter
NSLB	National Security Law Branch
NYSE	New York Stock Exchange
NTP	Nomination Tracking Processor

O

OAAM	Office of Audit, Assessment, and Management
OAG	Office of the Attorney General
OBD	Offices, Boards and Divisions
OC	Office of the Comptroller (OJP)
OCDETF	Organized Crime Drug Enforcement Task Force
OCIO	Office of the Chief Information Officer
ODAG	Office of the Deputy Attorney General
ODNI	Office of the Director of National Intelligence
ODR	Office of Dispute Resolution
OFBCI	Office of Faith-Based and Community Initiatives
OFDT	Office of the Federal Detention Trustee
OFS	Other Financing Sources
OGC	Office of General Counsel
OIA	Office of International Affairs
OIG	Office of the Inspector General
OIPM	Office of Information Technology Program Management
OIPR	Office of Intelligence Policy and Review (NSD)
OJP	Office of Justice Programs
OLP	Office of Legal Policy
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPEAU	Organizational Program Evaluation and Analysis Unit
OPI	Office of Protective Intelligence
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OSC	Office of Special Counsel
OTJ	Office of Tribal Justice
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
OWS	Office for Weed and Seed

P

PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PCLO	Privacy and Civil Liberties Office
PHS	Public Health Services
PIJ	Palestinian Islamic Jihad
PIOB	Potential Intelligence Oversight Board
PL	Public Law
PMA	President’s Management Agenda
PMO	Program Management Office
PMP	Program Management Plan
POAM	Plan of Action and Milestones
PP&E	Property, Plant and Equipment
PROTECT	Children’s Online Privacy Protection Act of 1998
PSN	Project Safe Neighborhoods
PTS	Prisoner Tracking System

Q

QC	Quality Control
QSR	Quarterly Status Report

R

RECA	Radiation Exposure Compensation Act
RFQ	Request for Quotation
RFTF	Regional Fugitive Task Force
RICO	Racketeering Influenced Corrupt Organization
RISS	Regional Information Sharing System
RMD	Records Management Division
RSAT	Residential Substance Abuse Treatment

S

SAC	Special Agent in Charge
SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCI	Sensitive Compartmented Information
SCNP	Statement of Changes in Net Position
SCPMO	Strategy, Communication and Policy Management Office
SEA	Safe Explosives Act
SENTRY	Bureau of Prisons' primary mission-support database
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal
SMS	Strategic Management System
SRPO	Senior Real Property Officer
SRQ	Single Review Queue

SSA	Senior Special Agent
SSN	Social Security Number

T

TAX	Tax Division
TCEP	Transnational Criminal Enterprise Program
TIDE	Terrorist Identity Datamart Environment
TPMO	eTravel Program Management Office
TREX	Terrorist Review and Examination Unit
TSC	Terrorist Screening Center
TSDB	Terrorist Screening Database
TSP	Federal Thrift Savings Plan

U

UBT	Unobligated Balance Transfer
UCR	Uniform Crime Report
UFMS	Unified Financial Management System
UHP	Universal Hiring Program
USA	United States Attorneys
USA PATRIOT	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism
USAO	United States Attorneys' Offices
USC	United States Code
US-CERT	U.S. Computer Emergency Response Team
USMS	United States Marshals Service
USP	United States Penitentiary
UST	United States Trustee
USTP	United States Trustees Program

V

VCIT	Violent Crime Impact Team
VOCA	Victim of Crime Act
VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing

W

WCC	White-Collar Crime
WCF	Working Capital Fund
WIN	Warrant Information Network System
WMD	Weapons of Mass Destruction
WTC	World Trade Center

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APPENDIX H

Department Component Websites

Component	Website
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.usdoj.gov/topics/aian.htm
Antitrust Division	www.usdoj.gov/atr/index.html
Bureau of Alcohol, Tobacco, Firearms and Explosives	www.atf.gov
Bureau of Justice Assistance (OJP)	www.ojp.usdoj.gov/bja/
Bureau of Justice Statistics (OJP)	www.ojp.usdoj.gov/bjs/
Civil Division	www.usdoj.gov/civil/home.html
Civil Rights Division	www.usdoj.gov/crt/crt-home.html
Community Oriented Policing Services - COPS	www.cops.usdoj.gov
Community Capacity Development Office (OJP)	www.ojp.usdoj.gov/ccdo/welcome_flash.html
Community Relations Service	www.usdoj.gov/crs/index.html
Criminal Division	www.usdoj.gov/criminal/
Diversion Control Program	www.deadiversion.usdoj.gov/
Drug Enforcement Administration	www.usdoj.gov/dea/
Environment and Natural Resources Division	www.usdoj.gov/enrd/
Executive Office for Immigration Review	www.usdoj.gov/eoir/
Executive Office for U.S. Attorneys	www.usdoj.gov/usao/eousa/
Executive Office for U.S. Trustees	www.usdoj.gov/ust/
Federal Bureau of Investigation	www.fbi.gov/
Federal Bureau of Prisons	www.bop.gov
Foreign Claims Settlement Commission of the United States	www.usdoj.gov/fcsc/
INTERPOL - U.S. National Central Bureau	www.usdoj.gov/usncb/
Justice Management Division	www.usdoj.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.org/
National Drug Intelligence Center	www.usdoj.gov/ndic/
National Institute of Corrections	www.nicic.org/
National Institute of Justice (OJP)	www.ojp.usdoj.gov/nij/
National Security Division	www.usdoj.gov/nsd/
Office of the Associate Attorney General	www.usdoj.gov/aag/index.html
Office of the Attorney General	www.usdoj.gov/ag/
Office of the Deputy Attorney General	www.usdoj.gov/dag/
Office of Dispute Resolution	www.usdoj.gov/odr/
Office of the Federal Detention Trustee	www.usdoj.gov/ofdt/index.html
Office of Information and Privacy	www.usdoj.gov/oip/oip.html
Office of the Inspector General	www.usdoj.gov/oig/
Office of Intelligence Policy and Review	www.usdoj.gov/oipr/
Office of Intergovernmental and Public Liaison	www.usdoj.gov/oipl/index.html
Office of Justice Programs	www.ojp.usdoj.gov/
Office of Juvenile Justice and Delinquency Prevention (OJP)	www.ojjdp.ncjrs.org/
Office of Legal Counsel	www.usdoj.gov/olc/index.html
Office of Legal Policy	www.usdoj.gov/olp/
Office of Legislative Affairs	www.usdoj.gov/ola/
Office of the Pardon Attorney	www.usdoj.gov/pardon/
Office of Professional Responsibility	www.usdoj.gov/opr/index.html
Office of Public Affairs	www.usdoj.gov/opa/index.html
Office of the Solicitor General	www.usdoj.gov/osg/
Office of Tribal Justice	www.usdoj.gov/otj/index.html
Office for Victims of Crime (OJP)	www.ojp.usdoj.gov/ovc/
Office on Violence Against Women	www.usdoj.gov/ovw/
Tax Division	www.usdoj.gov/tax/
U.S. Attorneys	www.usdoj.gov/usao/
U.S. Marshals Service	www.usdoj.gov/marshals/
U.S. Parole Commission	www.usdoj.gov/uspc/

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