

# Office of the Inspector General

## Semiannual Report to Congress



October 1, 2001–March 31, 2002





## U.S. Department of Justice

Office of the Inspector General

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# Message from the Inspector General

This semiannual report summarizes the work of the Office of the Inspector General (OIG) from October 1, 2001, through March 31, 2002. The audits, inspections, investigations, reviews, and other activities highlighted in this report illustrate our continuing commitment to helping improve the integrity and efficiency of Department of Justice (Department) operations.

Since the September 11 terrorist attacks, the OIG has joined other Department components in focusing many of our resources on oversight involving the Department's counterterrorism priorities. For example, the OIG initiated and completed four follow-up reviews, based on previously issued OIG reports, that examined Immigration and Naturalization Service (INS) programs critical to preventing terrorists or criminals from entering or remaining in the United States. The OIG also initiated a series of reviews in the Federal Bureau of Investigation (FBI), including examinations of the FBI's use of counterterrorism funds, its management of information technology systems, and its allocation of resources to handle the many crimes under its jurisdiction.

The *USA Patriot Act* directed the Inspector General to "receive and review" allegations of civil rights and civil liberties abuses by Department employees. In furtherance of this mandate, the OIG is investigating several specific allegations of abuse and has initiated an inspection of the civil rights and civil liberties protections afforded non-citizens detained in certain facilities in the aftermath of the September 11 terrorist attacks.

This report also describes several sensitive investigations undertaken at the request of the Attorney General and Congress, such as our ongoing investigation of the FBI's actions in connection with the Robert Hanssen espionage case and a review of the INS's actions in sending confirmation notices of student visa approvals to a Florida flight school for two of the terrorists involved in the September 11 attacks.

On March 19, 2002, the OIG issued a comprehensive report on the belated production of documents in the Oklahoma City bombing case. This report found that widespread failures by the FBI led to the belated disclosure of more than 1,000 documents related to the trials of Timothy McVeigh and Terry Nichols. The OIG made ten recommendations for discipline of several FBI employees, as well as a series of systemic recommendations relating to the FBI's computer systems and document management.

This reporting period also marks the first 6-month period in which the OIG has had authority to investigate allegations of misconduct involving FBI and Drug Enforcement Administration (DEA) employees. We appreciate the Attorney General's confidence in the OIG by assigning us these new responsibilities, and we are grateful to Congress for providing additional funding to help us meet these expanded duties.

A handwritten signature in black ink that reads "Glenn A. Fine".

Glenn A. Fine  
Inspector General  
April 30, 2002



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# Highlights of OIG Activities

Following are highlights of OIG activities during this reporting period.

## Statistical Highlights

October 1, 2001–March 31, 2002

Allegations Received by the Investigations Division	3,821
Investigations Opened	319
Investigations Closed	298
Arrests	84
Indictments/Informations	71
Convictions/Pleas	75
Administrative Actions	65
Fines/Restitutions/Recoveries	\$253,333
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Audit Reports Issued	200
Questioned Costs	\$25 million
Funds Put To Better Use	\$12 million
Recommendations for Management Improvements	268

### The Belated Production of Documents in the Oklahoma City Bombing Case

The OIG investigated the circumstances surrounding the FBI's belated production of documents related to the government's prosecution of Timothy McVeigh and Terry Nichols for the 1995 bombing of the federal building in Oklahoma City, Oklahoma. The OIG found that widespread failures by the FBI during the investigation (known as OKBOMB) led to the belated disclosures. The OIG traced the failures to a variety of causes, including individual mistakes by FBI employees, the FBI's cumbersome and complex document-handling procedures, and FBI employees' failure to follow FBI policies and

directives. We found that the FBI field offices and the OKBOMB Task Force shared responsibility for the failure to timely disclose the materials. The OIG concluded, however, that the evidence did not support the claim that government personnel intentionally concealed from the defense documents they knew to be discoverable.

The OIG report criticizes several senior FBI managers for how they responded to the belated documents problem. The issue was discovered in January 2001, but senior managers to whom it was reported failed to notify FBI Headquarters or the prosecutors in the case until the beginning of May, one week before McVeigh's scheduled execution. The OIG recommended that the FBI consider discipline for these managers' failure to resolve and disclose the problem in a timely way. The OIG also made a series of systemic recommendations to help improve the FBI's document handling procedures and computer systems.

### Atta and Alshehhi Student Visas

Six months after the September 11 terrorist attacks, an aviation school in Florida received notices that the INS had approved student visa applications for two of the terrorists, Mohamed Atta and Marwan Alshehhi. Public disclosure of this incident led to widespread criticism of the INS, and the President called for an investigation. The Attorney General requested that the OIG conduct a review. The OIG has assembled a team of attorneys, special agents, and inspectors to examine the handling of Atta's and Alshehhi's student visa applications and to review and assess the INS's foreign student program.

### Post-September 11 Contributions

In the wake of the September 11, 2001, terrorist attacks, the OIG provided assistance to the New York Port Authority Police, the FBI, and the Federal Aviation Administration (FAA).

Specifically, the OIG's Investigations Division provided 29 employees to assist in the rescue, evidence recovery, investigative, and air marshal efforts that followed the attacks. Special agents from the New York Field Office responded immediately to the World Trade Center site and assisted with evidence collection and rescue operations. The OIG detailed special agents from field offices nationwide to New York City to participate in the FBI's Manhattan Joint Terrorism Task Force (JTTF). Those agents interviewed suspicious passengers arriving at and departing from John F. Kennedy International Airport and assisted with airport security. Other agents across the country worked with the local FBI JTTFs. Five additional OIG agents volunteered for temporary duty with the FAA's Federal Air Marshal program.

### Reviews of the INS

In light of the events of September 11, the OIG's Evaluation and Inspections Division initiated five follow-up reviews of prior OIG reports in the INS, whose work is critical to deterring terrorists and criminals from entering or remaining in the United States. The OIG examined the INS's progress in improving the Visa Waiver Program, securing the northern border, linking INS and FBI automated fingerprint identification systems, addressing security concerns regarding the Transit Without Visa Program, and addressing the visa overstay issue. Findings from these follow-up reviews showed that many of the security concerns we identified in our original reports continue to exist.

### Oversight of the FBI and DEA

In July 2001 the Attorney General expanded the OIG's jurisdiction to allow it to conduct investigations of criminal or administrative misconduct by FBI and DEA employees. During this reporting period, the OIG opened approximately 30 criminal and administrative investigations into alleged misconduct in the FBI and DEA. The criminal investigations cover a wide range of offenses, including inappropriate relationships with informants, voucher fraud, theft, and conflict of interest. The admin-

istrative investigations include serious allegations of misconduct, including allegations against high-ranking employees.

### State and Local Domestic Preparedness Grant Programs

The Department administers grants to state and local agencies to enhance their ability to respond to terrorist acts through specialized training and equipment for metropolitan fire and emergency service departments. The Department's Office of Justice Programs (OJP) administers the grants to these "first responders." The OIG's Audit Division reviewed the domestic preparedness grants and found that grant funds were not awarded quickly and grantees were slow to spend available monies. As of January 15, 2002, more than half of the total funds appropriated for equipment under the grant program from fiscal year (FY) 1998 through FY 2001 – \$141 million out of \$243 million – still had not been awarded. In addition, about \$65 million in awarded grant funds were still unspent. We also found that nearly \$1 million in equipment purchased with grants was not available for use because grantees did not properly distribute the equipment, could not locate it, or had not been adequately trained how to operate it.

### Government Information Security Reviews

In accordance with the *Government Information Security Reform Act* (GISRA), the OIG's Audit Division performed an independent evaluation of the Department's information security program and practices by reviewing four classified and five sensitive but unclassified (SBU) Department computer systems. During this reporting period, we issued audits of one classified and four SBU systems. The audits of both the classified and SBU systems revealed vulnerabilities with management, operational, and technical controls that protect each system and the data stored on it from unauthorized use, loss, or modification. Overall, the GISRA audits found common vulnerabilities with security policies and procedures, password management, and logon management. The OIG will issue two summary reports, one on audits of the



Department's classified systems and another on its SBU systems.

### **Top Management Challenges**

During this reporting period, the OIG transmitted to Congress its annual list of "Top Management Challenges" in the Department. In addition to updating management challenges that appeared on the OIG's list in previous years, the December 2001 report added three new challenges ("Sharing of Intelligence and Law Enforcement Information," "Performance Based Management," and "Department of Justice Organizational Structure"). The OIG combined two challenges from its 2000 submission ("INS Border Strategy" and "Removal of Illegal Aliens" have become "The INS's Enforcement of Immigration Laws") and removed two challenges ("Prison Overcrowding" and "Human Capital").

### **Inspector General Testimony**

Inspector General (IG) Fine testified six times before congressional committees during this reporting period on issues ranging from oversight of the Department's \$5 billion annual grant programs, to the OIG's report on the belated production of documents in the Oklahoma City bombing case, to information technology and management issues in the INS.



# OIG Profile

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

The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness.

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

**Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements.

**Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures that govern Department employees, contractors, and grantees.

**Evaluation and Inspections Division** provides an alternative mechanism to traditional audits and investigations to review Department programs and activities.

**Office of Oversight and Review** blends the skills of attorneys, investigators, and program analysts to investigate or review high-profile or sensitive matters involving Department programs or employees.

**Office of General Counsel** provides legal advice to OIG management and staff. In addition, the office drafts memoranda on issues of law; prepares administrative subpoenas; represents the OIG in personnel, contractual, and legal matters; and responds to *Freedom of Information Act* requests.

**Management and Planning Division** assists the OIG by providing services in the areas of planning, budget, finance, quality assurance, personnel, training, procurement, automated data processing, computer network communications, and general support.

The current reporting period is the first full reporting period in which the OIG has had the authority to conduct investigations throughout the entire Department. In July 2001, the Attorney General expanded the OIG's jurisdiction to include authority to conduct criminal or administrative investigations of FBI and DEA employees. Previously, investigations of FBI and DEA employee misconduct were handled by internal affairs units within those agencies unless the Attorney General or the Deputy Attorney General specifically assigned an allegation involving FBI or DEA employees to the OIG.

The OIG carried out its mission during this reporting period with a nationwide workforce of approximately 360 special agents, auditors, inspectors, attorneys, and support staff. For FY 2002 the OIG's direct appropriation is \$50.735 million. Additionally, the OIG expects to earn reimbursements totaling \$3.868 million.

This Report reviews the accomplishments of the OIG for the 6-month period ending March 31, 2002. As required by Section 5 of the *Inspector General Act of 1978*, as amended, this Report is submitted no later than April 30, 2002, to the Attorney General for his review. No later than May 31, 2002, the Attorney General is required to forward the Report to Congress along with his *Semiannual Management Report to Congress*, which presents the Department's position on audit resolution and follow-up activity discussed in the Report.

**Information about the OIG and many of its reports are available on the OIG's website at [www.usdoj.gov/oig](http://www.usdoj.gov/oig).**



# The Audit Division

The Audit Division (Audit) audits Department organizations, programs, functions, computer technology and security systems, and financial statements. Audit also conducts or oversees external audits of expenditures made under Department contracts, grants, and other agreements. Audits are conducted in accordance with the Comptroller General's *Government Auditing Standards* and related professional auditing standards.

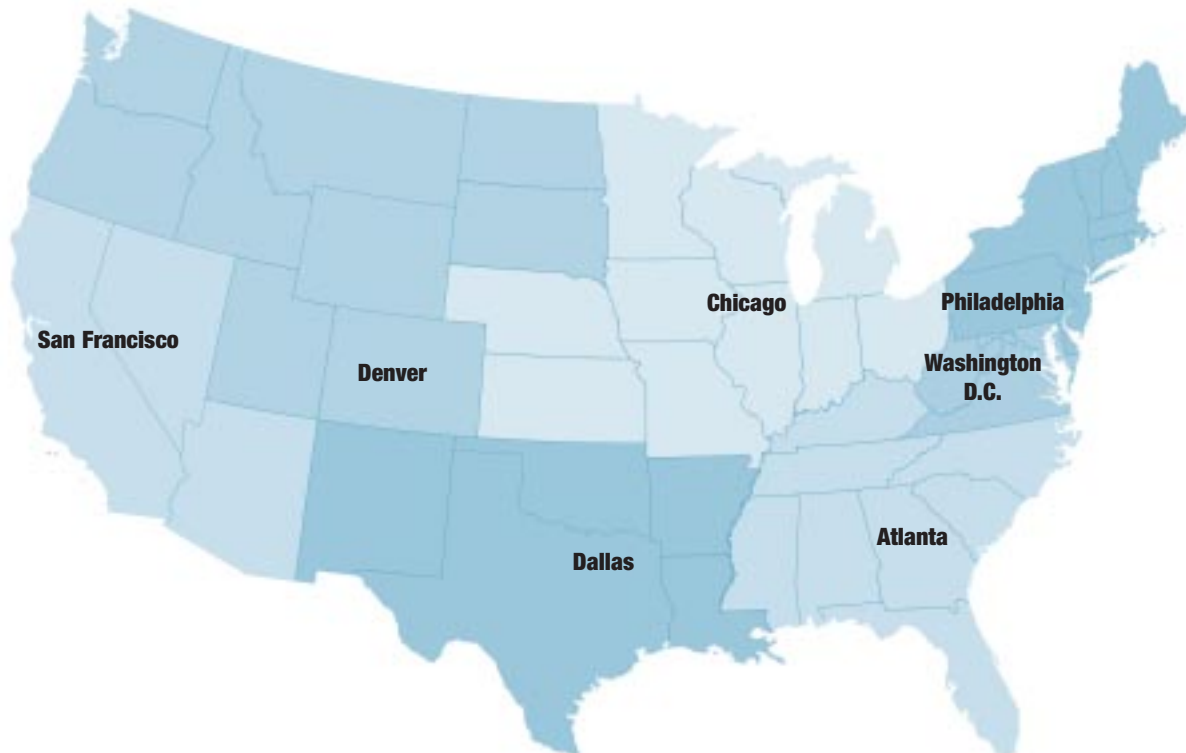
Audit develops recommendations for corrective actions that will resolve identified weaknesses. By doing so, Audit promotes more efficient and effective Department operations.

Audit has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, DC. The Financial Statement Audit Office and Computer Security and Information

Technology Audit Office also are located in Washington, DC. Audit Headquarters consists of the immediate office of the Assistant Inspector General (AIG) for Audit, the Office of Operations, the Office of Policy and Planning, and an Advanced Audit Techniques Group.

The field offices' geographic coverage is indicated on the map below. The Denver office also covers Alaska; the San Francisco office also covers Hawaii, Guam, the Northern Mariana Islands, and American Samoa; and the Atlanta office also covers Puerto Rico and the U.S. Virgin Islands.

During this reporting period, Audit issued 200 audit reports containing more than \$25 million in questioned costs and \$12 million in funds to better use and made 268 recommendations for management improvement.



Specifically, Audit issued 15 internal reports of programs funded at more than \$2 billion; 24 external reports of contracts, grants, and other agreements funded at more than \$95 million; 76 audits of bankruptcy trustees with responsibility for funds of more than \$154 million; and 85 Single Audit Act audits.

## Significant Audit Products

### Computer Security Audits in Response to GISRA

GISRA directs the OIG to perform independent evaluations of the Department's information security program and practices. Our FY 2001 GISRA audits examined nine Department computer systems, four classified and five SBU. The systems we selected are mission critical and representative of differing system configurations and operating systems. During this reporting period, we issued final audit reports on one classified and four SBU systems used by various Department components.

Our audits of both the classified and SBU systems revealed vulnerabilities with management, operational, and technical controls that protect each system and the data stored on it from unauthorized use, loss, or modification. Because technical controls prevent unauthorized access to system resources by restricting, controlling, and monitoring system access, we concluded that the vulnerabilities noted in those areas were the most significant.

Overall, the GISRA audits found common vulnerabilities with security policies and procedures, password management, and logon management. Issues with account integrity and systems auditing management also were found. To varying degrees, each audit found insufficient or unenforced Department-level and component security policies and procedures. In several areas of identified vulnerabilities, broadly stated or minimally imposed standards allowed system security managers too much latitude in establishing system settings and, consequently, systems were not fully secured. The vulnerabilities identified were more voluminous and

material for the Department's classified systems than for its SBU systems. We attributed this to Department management performing penetration testing on its SBU systems but not its classified systems.

To address the deficiencies noted, we offered a series of recommendations, including increased oversight, development of documented procedures, and establishment of proper system settings to help improve computer security. The components generally concurred with our findings and agreed to implement corrective action.

### OJP State and Local Domestic Preparedness Grant Programs

The Department administers grants to state and local agencies to enhance their ability to respond to terrorist acts. These domestic preparedness grant programs were initiated pursuant to the *Anti-Terrorism and Effective Death Penalty Act of 1996*, which required the Attorney General to work in consultation with the director of the Federal Emergency Management Agency to provide grants for specialized training and equipment to metropolitan fire and emergency service departments. In April 1998, the Attorney General delegated authority to OJP to administer funds for grants to local responders. The grant program was implemented by OJP.

As of January 15, 2002, more than half of the total funds appropriated for equipment under the grant program from FY 1998 through FY 2001—\$141 million out of \$243 million—still had not been awarded. About \$65 million in grant funds awarded for equipment was still unspent. We also found that nearly \$1 million in equipment purchased with grants was not available for use because grantees did not properly distribute the equipment, could not locate it, or had not been adequately trained how to operate it. Although the grantees we contacted were satisfied with the overall quality of federally funded training, we found that OJP had not developed performance measures for evaluating whether the program improved grantees' capability to respond to terrorist acts.

We recommended that OJP (1) continue current efforts to ensure that states submit applications for funds from prior appropriations and establish

controls to ensure that applications for future funding are submitted as expeditiously as possible, (2) establish controls to ensure grantees use available funds as quickly as possible, (3) ensure that grantees properly distribute and maintain specialized equipment and obtain adequate training to operate it, (4) remedy the questioned costs for equipment that was unavailable or unusable at the time of our audit, (5) ensure that grantees conduct or participate in exercises to maintain their state of readiness, and (6) develop performance standards in keeping with the intent of the *Government Performance and Results Act of 1993* (GPRA) for evaluating whether grant support is improving grantees' capability to respond to terrorist incidents. OJP agreed with our recommendations.

### Departmental Critical Infrastructure Protection

Presidential Decision Directive (PDD) 63 requires the Department and other government agencies to prepare plans for protecting their critical infrastructure, which includes systems essential to the minimum operations of the economy and government, such as telecommunications, banking and finance, energy, and transportation. The plans ordered by PDD 63 must include an inventory of the Department's mission-essential assets, the vulnerability of each, and plans to remedy those vulnerabilities.

As part of an effort sponsored by the President's Council on Integrity and Efficiency (PCIE), we audited the Department's planning and assessment activities for protecting its critical physical infrastructure. We found that the Department's ability to perform vital missions is at risk from terrorist attacks or similar threats because it had not adequately planned for the protection of its critical physical assets.

We found that the Department viewed PDD 63 primarily as a mandate to protect its computer-related critical assets; consequently, its efforts thus far have focused on identifying and assessing critical information technology systems and related facilities and personnel. We recommended that the Department also focus on physical infrastructure and assess vulnerabilities of physical infrastructure .

### Department Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the Department. Audit oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the *Department of Justice Annual Financial Statement for FY 2001*.

For the first time, the Department received an unqualified opinion on all of its FY 2001 consolidated financial statements. This was an improvement over FY 2000 when the Department received an unqualified opinion on its balance sheet and statement of custodial activity and a qualified opinion on its remaining statements. A qualified opinion means that the financial statements are presented fairly in all material respects, except for matters identified in the audit report.

The Department's unqualified opinion also included unqualified opinions for the first time on all ten of the reporting components' financial statements that make up the consolidated report. Importantly, the components were able to reduce the number of material weaknesses and reportable conditions, which signifies improvements in the components' internal controls.

However, as in FY 2000, the Department had to expend tremendous manual efforts and costs in preparing its financial statement for FY 2001. Many tasks had to be performed manually because the Department lacks automated systems to readily support ongoing accounting operations, financial statement preparation, and the audit process. The OIG's concern about these conditions is increased because the Office of Management and Budget (OMB) is requiring that FY 2002 annual financial statements be submitted one month earlier than in FY 2001.

In the FY 2001 consolidated financial statements, the three material weaknesses previously reported in FYs 1999 and 2000 at the Department level remain material weaknesses:

- ◆ Seven of ten components had weaknesses recording financial transactions in accordance with generally accepted accounting principles. This finding primarily reflected problems with the accounting and reporting of liabilities, revenue, property, and inventories.
- ◆ Six of ten components had weaknesses in financial management systems' general and application controls.
- ◆ Six components did not have effective financial statement preparation processes to ensure that financial statements were completed in conformance with Department requirements. Additional issues relating to intragovernmental transactions and the consolidation process were also noted.

In the *Report on Compliance with Laws and Regulations*, the auditors also identified five Department components that were not compliant with the *Federal Financial Management Improvement Act of 1996*, which specifically addresses the adequacy of federal financial management systems. In addition, one instance of component noncompliance with the *Debt Collection Improvement Act* was cited.

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

The following table compares the FY 2001 and the FY 2000 audit results for the Department consolidated audit as well as for the ten individual component audits.



## Comparison of FY 2001 and FY 2000 Audit Results

Reporting Entity	Auditors' Opinion on Financial Statements		Number of Material Weaknesses		Number of Reportable Conditions	
	2001	2000	2001	2000	2001	2000
Consolidated Department of Justice	U	Q <sup>1</sup>	3	3	0	1
Assets Forfeiture Fund and Seized Asset Deposit Fund	U	U	0	0	0	2
Bureau of Prisons	U	U	0	0	0	3
Drug Enforcement Administration	U	U	4	4	1	2
Federal Bureau of Investigation	U	U	3	2	1	1
Federal Prison Industries, Inc.	U	U <sup>2</sup>	2	5	2	1
Immigration and Naturalization Service	U	Q <sup>1</sup>	3	3	1	3
Offices, Boards, and Divisions	U	U	0	0	2	2
Office of Justice Programs	U	U	0	0	3	3
U.S. Marshals Service	U	U	1	1	2	3
Working Capital Fund	U	U	0	0	0	3
<b>Component Totals</b>			<b>13</b>	<b>15</b>	<b>12</b>	<b>23</b>

Q - Qualified Opinion  
U - Unqualified Opinion

<sup>1</sup> Qualified on Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing. Unqualified on other financial statements.

<sup>2</sup> Originally reported as qualified, but qualification subsequently removed during FY 2001 audit after auditors were able to sufficiently extend audit procedures to FY 2001 beginning balances.

### Prompt Payment Act Interest Penalties for FYs 2000 and 2001

The *Prompt Payment Act of 1982* requires executive departments to pay vendors interest penalties when payments are late, as prescribed in *OMB Circular A-125*. Interest penalties must be paid automatically, and agencies must absorb the cost from available funds of the program for which the payment was late.

We found that the Department paid \$5.8 million in interest penalties in FY 2001, a significant increase from the \$3 million paid by the Department in FY 1999. Three components—the FBI, INS, and Federal Bureau of Prisons (BOP)/Federal Prison Industries—accounted for about 80 percent of the FY 2001 total. The FBI and INS reported the most interest paid in FY 2001, approximately \$2 million and \$1.6 million, respectively.

Our report recommended increased monitoring of each of the components to ensure the timely payment of bills. One form of increased monitoring could involve periodic submission of Prompt Payment statistics by the components to the Department's Justice Management Division (JMD). We intend to continue issuing reports on Prompt Payment Act interest penalties.

### The Federal Witness Security Program—Criminal Division

The Federal Witness Security Program (Program) protects government witnesses and their families who are working with law enforcement or providing testimony in criminal cases. The Department's Criminal Division is responsible for admitting witnesses into the Program and for collecting, analyzing, and reporting the results of protected witness testimony. Our audit focused on the administration of the Program within the Criminal Division's Office of Enforcement Operations (OEO).

Overall, we found that the OEO admitted witnesses into the Program in accordance with the *Witness Security Reform Act of 1984* and took appropriate action in terminating witnesses from the Program who substantially breached Program guidelines. In our judgment, the OEO

had made improvement in overcoming a long history of problems associated with reporting the results of protected witness testimony. Specifically, we found improved cooperation among assistant U.S. attorneys (AUSAs) in providing the OEO with the results of protected witness testimony. In addition, the OEO's new information tracking system should improve how the OEO collects and reports data.

However, we found continued problems with how OEO compiles and reports protected witness data. In reviewing their most recent data, we found significant overstatements in the number of defendants against whom protected witnesses testified or cooperated and the resulting number of indictments and convictions. Specifically, the most recent data on protected witness testimony resulted in 1,621 defendants, 1,607 indictments, and 920 convictions. However, we found that these numbers were overstated—defendants by 296 (18 percent), indictments by 746 (46 percent), and convictions by 228 (25 percent). These discrepancies occurred because of flaws in the process the OEO used to compile the data and in the formula the OEO used to calculate the number of indictments. We also noted that the Criminal Division did not comply with GPRA requirements to develop outcome-based performance measures related to the results of protected witness testimony.

### The FBI's Implementation of CALEA

Congress enacted the *Communications Assistance for Law Enforcement Act (CALEA)* in 1994 to ensure that law enforcement agencies, when authorized by court order, had the ability to intercept electronic communications. Under the CALEA, the FBI is authorized to reimburse telecommunications carriers up to \$500 million for costs associated with equipment modifications. The OIG is required by the CALEA to report to Congress on the equipment, facilities, and services that have been modified to comply with CALEA requirements; whether FBI payments to telecommunications carriers for equipment modifications are reasonable and cost-effective; and projections of future costs for such modifications.

Our audit found that the FBI has made progress toward its goal of ensuring that law enforcement

agencies have the ability to conduct lawfully authorized electronic surveillance. The FBI either paid or obligated nearly \$400 million to reimburse carriers for the purchases of right-to-use manufacturers' electronic surveillance software licenses. However, we found no basis to render an opinion regarding the reasonableness of the costs incurred for the licenses because the companies did not provide the FBI with adequate cost or pricing data. The right-to-use software license agreements did not include costs for the modifications carriers must make to their systems to activate CALEA-compliant software. Therefore, the FBI determined that the \$500 million authorized under the CALEA is not sufficient to fund future modifications. The additional amount needed has not been determined because of incomplete negotiations with the industry and ongoing technical innovations in the telecommunications field.

### Community Oriented Policing Services Grant Audits

We continue to audit grants disbursed by the Office of Community Oriented Policing Services (COPS). During this reporting period, we performed 15 audits of COPS hiring and redeployment grants. Our audits identified more than \$11 million in questioned costs and more than \$3 million in funds to better use.

The following are examples of findings reported in our audits of COPS grants during this period:

- ◆ The Stockton, California, Police Department was awarded more than \$6.8 million to hire 35 additional law enforcement officers and to redeploy 127 police officers into community policing activities by hiring civilians and purchasing equipment. We determined that the Police Department violated the non-supplanting requirement, did not hire and maintain the required number of officers, did not retain 26 previously grant-funded officer positions, was unlikely to retain 4 additional officer positions, charged unallowable costs to grant funds, and could not demonstrate the redeployment of 25 officers into community policing as a result of hiring civilians and purchasing equipment. Due to these deficiencies, we identified nearly \$2.9 million in
- questioned costs and recommended \$88,098 be put to better use.
- ◆ The Burlington County, New Jersey, Prosecutor's Office was awarded more than \$2.7 million to redeploy 156 police officers into community policing activities through the purchase of information technology. The Prosecutor's Office was to coordinate the use of grant funds by a consortium of county law enforcement agencies (Consortium). We determined that the Consortium had not made adequate progress in implementing its countywide integrated law enforcement system, had not developed a method to track redeployment once the system is implemented, and received reimbursement that exceeded allowable total program costs. As a result, we questioned the full \$2.7 million in reimbursements received by the Consortium.
- ◆ The Live Oak, Florida, Police Department was awarded more than \$1 million to hire 16 additional sworn law enforcement officers. We determined that the Police Department violated the non-supplanting requirement and, as a result, did not retain eight previously grant-funded officer positions and was unlikely to retain five additional officer positions. We identified \$831,622 in questioned costs and recommended \$225,207 be put to better use.

### Contract Audits of DEA Linguistic Services

The DEA awarded six contracts to obtain linguistic services to perform monitoring, transcription, and translation services. The contracts were awarded for services at the DEA's field divisions in Chicago, Dallas, Houston, Miami, New York, and San Diego. We performed individual audits of contractors in Dallas, Houston, Miami, and San Diego. These four contractors had been paid \$9.5 million at the time of our audits.

Our audits found that, while the AUSAs and DEA case agents that we interviewed indicated that the quality of the linguistic services was adequate, weaknesses existed in the DEA's monitoring of payments to the contractors and

in the contractors' claims for reimbursement. Those weaknesses included the DEA paying for services not authorized by delivery orders or for services that exceeded the delivery order amounts. As a result, we questioned \$2.7 million of the \$9.5 million paid to the contractors in our individual contract audits.

### Select Computer Security Controls of the BOP's Network Computer System

Our audit of the BOP's network computer system (BOPNet) examined computer security controls that protect the BOP's computer systems and sensitive information stored on them. We used commercial off-the-shelf security software to detect system security vulnerabilities and automate the audit process. Our review disclosed vulnerabilities in password, login, and system auditing management. These vulnerabilities occurred because of insufficient or unenforced Department-level and BOP security policies and procedures. We made eight recommendations to improve BOPNet security management. The BOP agreed with seven of the eight recommendations. This report is not publicly available given the sensitivity of the system.

### Audits of Intergovernmental Service Agreements

The Department depends on state and local governments to provide detention space and services for federal prisoners or detainees. To obtain these services, Department components enter into formal Intergovernmental Service Agreements (IGAs) with state and local governments to provide detention space and services at a per diem rate. The OIG conducts audits of IGAs to determine if the costs charged the Department are allowable. The following are examples of IGAs we audited during this reporting period.

- ◆ We completed an audit of the IGA between the INS and the DeKalb County, Georgia, Sheriff's Office (DCSO). For the period January 1, 2000, through December 31, 2000, the DCSO billed the INS \$13.8 million for 197,383 jail days. We found that the DCSO included operating costs that were either

unallowable, unallocable, or unsupported, and the DCSO understated its average total inmate population by more than 29 percent. As a result, the DCSO overbilled the INS \$5.6 million in FY 2000. We calculated that the INS could save approximately \$7.8 million annually if it negotiated the jail day rate at our audited rate.

- ◆ We completed an audit of the IGA between the INS and Manatee County, Florida. For the period October 1, 2000, through September 30, 2001, Manatee County billed the INS \$9.1 million for 147,914 jail days. We found that Manatee County included \$1.2 million of operating costs that were either unallowable, unallocable, or unsupported, and overbilled the INS \$1.1 million in FY 2001. We calculated that the INS could save approximately \$1.2 million annually if it negotiated the jail day rate at our audited rate.

### The Civil Debt Collection Reconciliation Process

Civil debt that has been established as an amount owed the federal government is collected through litigation by the 94 U.S. Attorneys Offices (USAOs) and the 5 litigating divisions within the Department that have authority to collect debts. Additionally, civil debt may be collected by private attorneys within certain judicial districts. The Office of Debt Collection Management (DCM) is the office within JMD that annually reports the status of the Department's collection efforts. The DCM is responsible for overseeing the collection of debt and developing programs to support the collection of debts by USAOs and the Department litigating divisions.

We completed an audit of an issue identified in the OIG's July 2001 *Audit of the Office of Debt Collection Management's Implementation of the Collection Litigation Automated Support System*. Our follow-up audit identified differences of \$98 million and \$220 million in FYs 1998 and 1999 between collections reported by the USAOs and litigating divisions and deposits to the U.S. Treasury reported by the Debt Accounting Operations Group (DAOG). We also found that the Department's civil debt collection reporting process needs to be strengthened. Collection activity reported by the USAOs and the litigating

divisions was not reconciled with amounts reported by the DAOG as deposits in the Department's Treasury account. Additionally, the Executive Office for United States Attorneys (EOUSA) was not adequately reviewing USAOs' monthly extracts from the Tracking Assistance for the Legal Office Network—to ensure that reported beginning year balances of civil debt agreed with the prior year ending balances—before compiling the national report.

We recommended that the Department implement procedures to reconcile amounts reported as collected by the USAOs and the litigating divisions against the amounts reported as collected and deposited in the Department's Treasury account. We also recommended that procedures be implemented to ensure that data extracts are adequately reviewed prior to preparation of the summary report. The Department concurred with our findings.

### Superfund Audit for FYs 1998 and 1999

The *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (known as Superfund) provides for liability, compensation, cleanup, and emergency response for hazardous substances released into the environment and for uncontrolled and abandoned hazardous waste sites. The Department conducts and controls all litigation arising under Superfund and is reimbursed through interagency agreements with the Environmental Protection Agency (EPA). These agreements authorize reimbursement to the Department's Environment and Natural Resources Division (ENRD) for direct and indirect litigation costs. The EPA authorized \$29.6 million and \$30 million under the agreements in FYs 1998 and 1999, respectively, and the ENRD contracted with an accounting firm to institute and maintain a system of accounting controls for these funds.

In March 1998, the ENRD modified its case and time data system to a direct entry process by staff. The system is used to distribute labor costs and indirect costs by case. We reviewed the system to assess the allocability of such costs to Superfund and non-Superfund cases during FYs 1998 and 1999. We reviewed other direct costs based on supporting documentation for the costs and the applicable cases. We deter-

mined that the ENRD provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FYs 1998 and 1999. In addition to this audit, the OIG performed a separate audit of the internal controls and computer security controls of the ENRD's information systems. We determined that internal controls for the case and time data entry system were adequate.

### Maintenance and Disposal of Seized and Forfeited Assets

The United States Marshals Service (USMS) maintains custody of assets seized by Department components and disposes of the assets after they have been forfeited to the federal government. At the end of FY 2000, the inventory of seized and forfeited assets in USMS custody was valued at more than \$800 million.

Previous audits by our office and the General Accounting Office (GAO) identified significant problems in USMS management of seized and forfeited assets. Although recent audit reports by the GAO and others document improvements in the USMS's management of seized and forfeited assets, we initiated this audit because asset forfeiture remains a high-risk area.

We audited sites in three western USMS districts (Southern California, Nevada, and Arizona) where we tested USMS maintenance and disposal of vehicles, vessels, cash, and financial instruments. We also evaluated the disposal of forfeited jewelry at a nationwide auction held in Las Vegas, Nevada, in March 2001. In brief, our audit identified no significant deficiencies in the USMS's management of seized and forfeited assets in the categories we tested. Our testing disclosed that the asset valuations in the Consolidated Assets Tracking System were generally reasonable and the USMS generally disposed of forfeited assets in a timely manner.

### Annual Accounting of Drug Control Obligations

We completed attestation reviews of schedules submitted to the Office of National Drug Control Policy (ONDCP) for the FY 2001 Annual Accounting of Drug Control Obligations. Thirteen Department organizations and compo-



nents are required by the ONDCP Circular, *Annual Accounting of Drug Control Funds*, to submit schedules on obligations related to drug expenditures. The Department reported \$8.1 billion in obligations related to drug control. The OIG is required to review the schedules for compliance with the Circular.

The objective of each review is to attest to assertions made by Department management. A review is narrower in scope than an examination and does not result in expression of an opinion. We found nothing to indicate that the submissions were not presented, in all material respects, in accordance with the requirements of the ONDCP Circular.

### Trustee Audits

The OIG contributes to the integrity of the bankruptcy program by conducting performance audits of trustees under a reimbursable agreement with the Executive Office for U.S. Trustees. During this reporting period, we issued 76 reports on the Chapter 7 bankruptcy practices of private trustees under Title 11, United States Code (Bankruptcy Code).

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

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

Our audits found that some trustees were deficient in documenting monthly bank reconciliations of estate accounts, maintaining receipts logs, investing estate funds properly, depositing estate funds timely and in the appropriate accounts, developing disaster recovery plans for financial and administrative records,

implementing computer security, separating cash handling and recording duties, and maintaining support and authorization for receipts and disbursements.

### Single Audit Act

The *Single Audit Act of 1984*, as amended, requires recipients of more than \$300,000 in federal funds to arrange for audits of their activities. Federal agencies that award federal funds must review these audits to determine whether prompt and appropriate corrective action has been taken in response to audit findings. During this reporting period, Audit reviewed and transmitted to OJP 85 reports encompassing 517 Department contracts, grants, and other agreements totaling more than \$195 million. These audits report on financial activities, compliance with applicable laws, and the adequacy of recipients' management controls over federal expenditures.

## Audits in Progress

### Control Over Weapons and Laptop Computers

Department components maintain a large inventory of weapons and laptop computers that could result in danger to the public or compromise national security or criminal investigations if not properly controlled. In March 2001, we reported that the INS did not adequately control its property, including weapons and computers. Subsequent to that audit, the FBI disclosed that many weapons and laptops were missing from its inventory. The Attorney General therefore asked the OIG to conduct audits of the controls over the inventory of weapons and laptops throughout the Department, and the OIG initiated reviews at the FBI, DEA, BOP, and USMS. We will issue individual reports for each component and a capping report describing all the audits once they are completed.

### FBI Management of Information Technology

Due to the importance of information technology to the FBI's mission and the large amounts of money involved, the OIG has initiated an audit of

the FBI's management of its information technology (IT) projects. We will assess how the FBI selects its IT projects, ensures that projects under development deliver benefits, and ensures that completed projects achieve the expected results.

### **FBI Management of Counterterrorism Resources**

Central to the FBI's ability to prevent, deter, and respond to acts of terrorism is the adequacy of its management controls over its counterterrorism program. This review will evaluate the process by which the FBI determines its counterterrorism resource requirements, assess FBI efforts to evaluate the threat of chemical and biological terrorism and conduct a national terrorism threat and risk assessment, and examine the FBI's strategic planning and performance measurement related to counterterrorism.

### **Review of FBI Casework**

The FBI has authority to investigate more than 200 categories of federal offenses ranging from kidnappings and bank robberies to white-collar crimes. The FBI also monitors activities that threaten national security. This audit will describe the types and number of cases the FBI investigates, assess how it allocates its investigative resources, and evaluate the performance measures it uses for its cases.

### **INS Airport Inspections**

This audit will review the INS's inspection process at U.S. airports to determine whether INS inspectors have access to needed information, such as lookouts and information developed by passenger analysis units and intelligence staff. We also will evaluate procedures for referring persons to secondary inspection, systems for measuring inspection performance, the training of inspectors, and management controls over the inspection process.

### **INS Institutional Removal Program**

The INS's Institutional Removal Program (IRP) is a national program that identifies removable criminal aliens in federal, state, and local correctional facilities to ensure that the aliens are not released into the community but instead are removed

from the United States after completing their sentences. This audit will assess whether the INS (1) effectively planned the IRP, (2) identifies all foreign-born inmates in state or local custody, and (3) incurs any unnecessary detention costs for criminal aliens who have not completed the IRP process while serving their sentence.

### **BOP's Management of Construction Contracts**

The BOP houses approximately 156,000 inmates in 103 facilities. To reduce overcrowding, the BOP has undertaken a large prison construction program. Currently, 13 prisons are under construction at an estimated cost of \$1.6 billion. This audit will assess whether the BOP is adequately managing new construction-related contracts, has improved its management since our prior audit of prison construction in 1998, and is making accurate and timely payments to construction contractors.

### **Streamlining Administrative Activities and Grant Functions**

From FY 1993 through FY 2001, OJP and COPS awarded more than \$26 billion in grants. OJP has five bureaus and six program offices that manage grant funds. COPS awards grants under numerous programs to advance community policing across the country. This audit will review the administrative activities and grant functions within OJP and between COPS and OJP to determine whether there are activities and functions that could be streamlined or eliminated to increase operational efficiency.

### **Drug Demand Reduction Activities**

A number of Department components—particularly the DEA, BOP, OJP, and COPS—spend considerable money and effort on activities designed to reduce the demand for drugs in the United States. This audit will assess (1) how the Department allocates resources to demand reduction, (2) whether Department efforts are coordinated effectively, and (3) whether Department components measure the effectiveness of demand reduction activities.

## Audit Follow-Up

### OMB Circular A-50

OMB Circular A-50, *Audit Follow-Up*, requires audit reports to be resolved within six months of the audit report issuance date. Audit monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2002, the OIG had closed 200 audit reports and was monitoring the resolution process of 488 open audit reports.

### Audit of the York County Prison IGA

In June 2001 we completed an audit of the cost incurred under an IGA by the York County Prison, Pennsylvania. We reported that the INS overpaid York County \$6 million for the period January 1, 2000, through December 31, 2000, and that the INS could save an additional \$6 million annually if it negotiated a new agreement based on the audited rate. The overpayment resulted from York County's misrepresentation of data used to calculate the daily payment rate, which significantly inflated the rate York County charged the INS to a profit of more than 55 percent over York County's costs. According to York County documents and newspaper reports, this enabled York County to subsidize its budget, avoid a tax increase, and partially pay off a jail construction loan early. The INS continues to pay York County the same inflated rate and, we estimate, made additional overpayments of about \$6.3 million through 2001.

## Unresolved Audits

### Audits Over Six Months Old Without Management Decisions

As of March 31, 2002, the following audits had no management decisions:

- ◆ The Texas Tech University Police Department, Lubbock, Texas
- ◆ Department of Public Safety, State of Hawaii
- ◆ Immigration and Naturalization Service and U.S. Marshals Service Intergovernmental Service Agreements for Detention Facilities with the York County, Pennsylvania, Prison
- ◆ Immigration and Naturalization Service Deferred Inspections at Airports
- ◆ Immigration and Naturalization Service Intergovernmental Service Agreement for Detention Facilities with the Wicomico County, Maryland, Department of Corrections
- ◆ Maricopa County, Arizona
- ◆ Multnomah County, Oregon
- ◆ The City of Garden Grove, California
- ◆ The City of Oak Harbor, Washington
- ◆ The City of Woodland, California
- ◆ U.S. Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Government of Guam



## Funds Recommended to be Put to Better Use

<b>Audit Reports</b>	<b>Number of Audit Reports</b>	<b>Funds Recommended to be Put to Better Use</b>
No management decision made by beginning of period	5	\$13,278,982
Issued during period	10	\$12,237,176
Needing management decision during period	5	\$25,516,158
Management decisions made during period:		
◆ Amounts management agreed to put to better use <sup>1</sup>	10	\$6,489,616
◆ Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	5	\$19,026,543

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

## Audits With Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	31	\$41,052,842	\$7,183,781
Issued during period	38	\$25,118,426	\$1,345,518
Needing management decision during period	69	\$66,171,268	\$8,529,299
Management decisions made during period:			
◆ Amount of disallowed costs <sup>1</sup>	37 <sup>2</sup>	\$39,775,518	\$6,316,852
◆ Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	33	\$26,395,750	\$2,212,447

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

<sup>2</sup> Includes one report where management has agreed with some but not all of the reports' recommendations.

## Audits Involving Recommendations for Management Improvements

Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	89	175
Issued during period	94	268
Needing management decision during period	183	443
Management decisions made during period:		
◆ Number management agreed to implement <sup>1</sup>	107 <sup>2</sup>	287
◆ Number management disagreed with	0	0
No management decision at end of period	78	156

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

<sup>2</sup> Includes two reports where management has agreed with some but not all of the reports' recommendations.

# The Evaluation and Inspections Division

The Evaluation and Inspections Division (E&I) provides alternatives to traditional audits and investigations through short-term management assessments and program evaluations that assess the efficiency, vulnerability, and effectiveness of Department operations. E&I relies on its multidisciplinary workforce to provide timely reviews on diverse issues. E&I is located in Washington, DC, and is directed by the AIG for Evaluation and Inspections.

## Follow-Up Reviews

In light of the September 11 terrorist attacks, E&I conducted five follow-up reviews that examined the INS's efforts to address national security deficiencies identified in previous OIG reviews. The reviews revealed continued problems in the INS's programs that affect its ability to secure the nation's borders.

### **The Border Patrol's Efforts to Improve Security Along the Northern Border**

We examined the progress the Border Patrol had made in improving the security of the northern border since the OIG issued an inspection report on the subject in February 2000, *Border Patrol Efforts Along the Northern Border*. Our follow-up review found that the INS had made some improvements that enhanced border security, including increased international and multi-agency cooperation. However, we found that northern border sectors had received a minimal number of additional Border Patrol agents and no new support staff. Consequently, many Border Patrol stations still could not operate 24 hours a day, 7 days a week. In addition, the Border Patrol's communications system remained inadequate, and a critical shortage of air support continued. We concluded that increased staffing and resources for the northern border continues to be

a critical priority to help control illegal immigration and enhance national security.

### **Status of IDENT/IAFIS Integration**

We reviewed the status of efforts to integrate the INS's automated biometric fingerprint identification system (IDENT) and the FBI's integrated automated fingerprint identification system (IAFIS). This review, conducted in response to a request by the Senate Judiciary Subcommittee on Technology, Terrorism, and Governmental Information, followed up on two prior OIG reviews, *Review of the Immigration and Naturalization Service's Automated Biometric Identification System (IDENT)*, March 1998, and *The Rafael Resendez-Ramirez Case: A Review of the INS's Actions and the Operation of its IDENT Automated Fingerprint Identification System*, March 2000. Our primary finding, similar to our prior reports' conclusions, was that the Department and its components have moved slowly toward integration and that full integration of IDENT and IAFIS remains years away. We recommended that the Department continue to seek linkage of the FBI and INS biometric identification systems and use IDENT while integration of IDENT and IAFIS is proceeding. We believe that IDENT workstations should be deployed to additional INS sites pending full integration with IAFIS because IDENT allows a rapid check of aliens seeking entry into the United States. We also recommend, as an interim measure, adding to the IDENT lookout database fingerprint records for aliens wanted in connection with crimes.

### **Visa Waiver Program**

The Visa Waiver Program (VWP) allows citizens from 28 countries to enter the United States, as temporary visitors for business or pleasure, without a visa. We evaluated the INS's progress

in implementing recommendations contained in the OIG's March 1999 report, *The Potential for Fraud and INS's Efforts to Reduce the Risks of the Visa Waiver Pilot Program*. Our follow-up review found that the INS had distributed guidance to improve the collection and dissemination of information about missing VWP passports but did not take appropriate measures to ensure the guidance was followed at the ports of entry. Therefore, the INS still does not have a mechanism that provides systematic, consistent, and timely information about missing VWP passports to its immigration inspectors. We concluded that the failure to make this information available to INS immigration inspectors could contribute to the admission into the United States of criminal aliens or terrorists fraudulently using passports from VWP countries. We urged the INS to reissue the guidance and to take aggressive follow-up actions to ensure that field agents follow the guidance.

### Improving the Security of the Transit Without Visa Program

The Transit Without Visa (TWOV) Program allows certain nonimmigrants to transit through the United States to a destination in another country. Visa requirements are waived for eligible nonimmigrants in TWOV status, who can remain in the United States for up to eight hours awaiting departure on connecting flights to their final destination. We found that many of the security concerns identified in our March 1993 report, *Transit Without Visa Program*, continue to exist. Specifically, the INS has not taken adequate measures to improve airlines' supervision of TWOV passengers, and the INS still cannot verify departure of TWOV passengers. Prior to September 11, 2001, TWOV passengers were permitted to wait for their connecting flights in "in-transit lounges" (ITL) without having to undergo INS examination of their travel documents. The INS temporarily suspended the ITL program after the terrorist attacks but resumed operations in November 2001, after taking action to enhance security by requiring that all ITL passengers undergo more rigorous inspection. Still, the TWOV program continues to offer an avenue for aliens to enter the United States illegally. We recommended

that the INS take immediate action to address TWOV program security concerns.

### INS Efforts to Improve the Control of Nonimmigrant Overstays

In a fifth follow-up review nearing completion, we are examining the INS's monitoring of nonimmigrant overstays. This review focuses on the collection and reliability of overstay data, which we previously reviewed in the OIG's 1997 report, *Inspection of Immigration and Naturalization Service Monitoring of Nonimmigrant Overstays*.

## Significant Reviews

### International Extradition of Fugitives

The Criminal Division's Office of International Affairs (OIA) is the Department's central point of contact for U.S. prosecutors and foreign governments seeking to extradite fugitives. We assessed whether the OIA managed the extradition process effectively and whether the OIA appropriately carried out its responsibilities for the international extradition of fugitives.

We found that the OIA had not developed internal policies, procedures, or standards for processing extradition cases that delineate staff responsibilities, time frames, or priorities to guide employees or communicate management expectations. The OIA's rate of case closure has not kept pace with the number of new cases, resulting in a pending caseload that has increased more than 100 percent since 1990. Although extradition cases may remain open for many years because of legal, diplomatic, or law enforcement issues, we found that many cases remained open because of inattention. According to OIA staff, they did not follow up on cases because of the steady receipt of new cases requiring immediate attention, the large volume of cases assigned to each attorney (which made follow-up unfeasible) and a view that it was not the OIA's responsibility to initiate follow-up on pending cases. According to OIA officials, U.S. and foreign investigators, prosecutors, and officials are responsible for monitoring their extradition cases and for initiating any follow-up action needed to further the extradition. However, we recommended that the OIA

implement better management practices to ensure more timely and effective disposition of each pending case. The OIA concurred with our five recommendations.

### **The INS's National Customer Service Center Telephone Information Service**

We conducted a survey of the INS's National Customer Service Center Telephone Information Service to assess the accuracy of answers provided by INS customer service representatives, the timeliness of information provided, and the professionalism of customer service representatives.

We found that INS telephone information customer service representatives provided correct answers to questions 94 percent of the time. Incorrect information centered around two subject areas—work authorization and employment eligibility verification. We found that customer service representatives were helpful and often made significant efforts to ensure our questions were answered properly and thoroughly. We rated the service provided to us as good or excellent 95 percent of the time. Furthermore, we found that the wait times to speak to customer service representatives averaged 1 minute, 9 seconds. Our report made one recommendation to help improve this quality program.

## **Ongoing Reviews**

### **Review of Civil Rights and Civil Liberties Treatment**

In furtherance of our responsibilities under the *USA Patriot Act of 2001*, the OIG initiated a review of the treatment of detainees held by the Department in two facilities—the Passaic County Jail in Paterson, New Jersey, and the BOP's Metropolitan Detention Center in Brooklyn, New York—in connection with the response to the September 11 terrorist attacks. Among the issues we plan to review are detainees' access to counsel, timeliness of presentation or disposition of criminal or other charges, and physical detention conditions.

### **The DEA's Enforcement Program on the Diversion of Scheduled Pharmaceuticals**

This review evaluates the DEA's program for deterring and investigating the illegal diversion of scheduled pharmaceuticals. The U.S. Department of Health and Human Services reports that the incidence of non-medical use of prescription drugs has doubled in the last ten years and that about three million Americans abuse scheduled pharmaceuticals. Our objectives are to assess the DEA's response to the illegal diversion of pharmaceuticals, including OxyContin. We are examining the DEA's enforcement strategies, allocation of resources to investigate illegal diversion, and the effectiveness of enforcement operations.

### **Drug Interdiction Efforts Within the BOP**

This review evaluates interdiction activities implemented by the BOP to prevent the introduction of drugs into BOP institutions. We plan to describe the types and extent of problems with drugs in BOP facilities and to identify the various drug interdiction methods the BOP uses to prevent drugs from entering its institutions.

## **Unresolved Reviews**

DOJ Order 2900.10, *Follow-up and Resolution Policy for Inspection Recommendations by the OIG*, requires reports to be resolved within six months of the report issuance date. As of March 31, 2002, there are no unresolved E&I reports.

## Evaluation and Inspections Statistics

The chart below summarizes E&I's accomplishments for the 6-month reporting period ending March 31, 2002.

<b>E&amp;I Workload Accomplishments</b>	<b>Number of Reviews</b>
Reviews active at beginning of period	5
Reviews initiated	8
Final reports issued	6
Reviews active at end of reporting period	7

# The Investigations Division

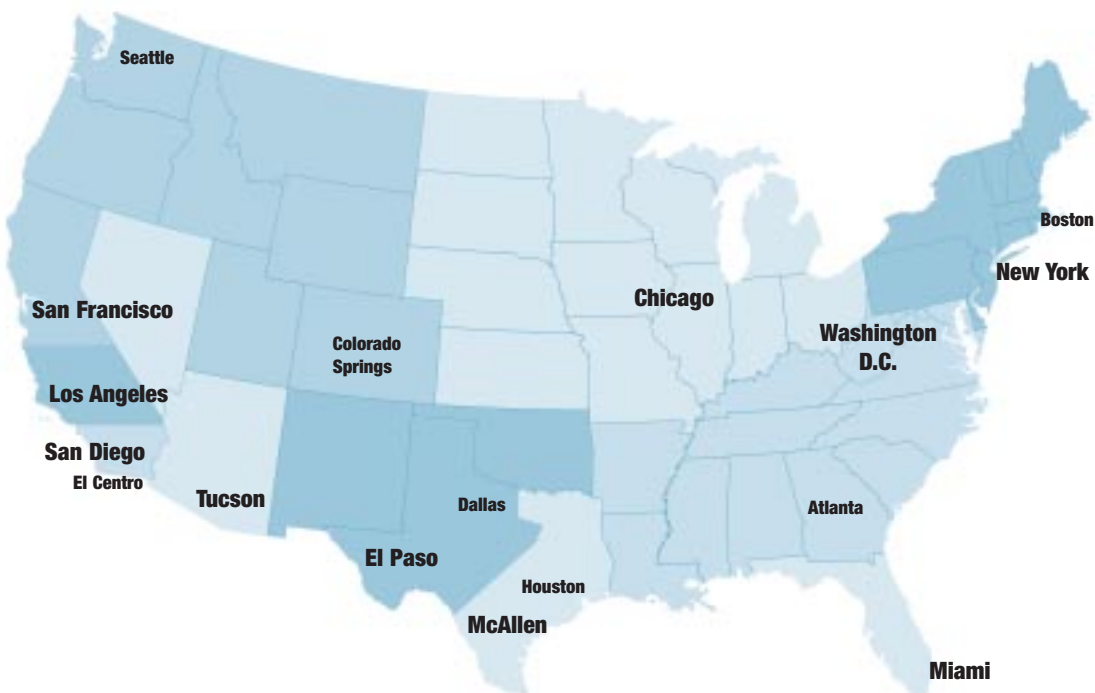
The Investigations Division (Investigations) investigates allegations of bribery, fraud, abuse, civil rights violations, and violations of other laws and procedures that govern Department employees, contractors, and grantees. Investigations develops cases for criminal prosecution and civil and administrative action. In many instances, the OIG refers less serious allegations to components within the Department for appropriate action.

Investigations carries out its mission through the work of its special agents who are assigned to OIG offices across the country. Currently, Investigations has field offices in Chicago, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Tucson, and Washington, DC (the Washington Field Office and Fraud Detection Office), and smaller, area offices in Atlanta, Boston, Colorado Springs, Dallas, El Centro, Houston, and

Seattle. Investigations Headquarters in Washington, DC, consists of the immediate office of the AIG and the following branches: Operations, Investigative Support, and Policy and Administration.

Geographic areas covered by the field offices are indicated on the map below. In addition, the San Francisco office covers Alaska; the San Diego office covers Hawaii, Guam, the Northern Mariana Islands, and American Samoa; and the Miami office covers Puerto Rico and the U.S. Virgin Islands.

During this reporting period, Investigations received 3,821 complaints. It opened 319 investigations and closed 298. OIG agents made 84 arrests involving 32 Department employees, 44 civilians, 7 Department contract personnel, and 1 grantee. Convictions resulted in 81 indi-





viduals receiving sentences and \$253,333 in fines, recoveries, and orders of restitution. As a result of OIG investigations, 17 employees, 14 contract employees, and 1 contractor received disciplinary action, including 21 who were terminated. In addition, 30 employees and 3 contract employees resigned either during or at the conclusion of OIG investigations.

## Significant Investigations

Following are some of the cases investigated during this reporting period, grouped by offense category.

### INS Document Fraud

- ◆ In the District of Arizona, an INS immigration inspector assigned to the San Luis, Arizona, port of entry was arrested for producing false INS documents. A joint investigation by the OIG's Tucson Field Office, INS, U.S. Customs Service (Customs Service), and FBI developed evidence that the immigration inspector used his position to create and sell INS Form I-94 (Arrival-Departure Record) documents. Subsequent to his initial arrest, the immigration inspector was charged in the Southern District of California with alien smuggling. The investigation developed evidence that he arrived from Mexico at the Andrade, California, port of entry with a female Mexican national passenger who presented a fraudulent temporary green card. Judicial proceedings continue in Arizona and California.

- ◆ In the Southern District of Texas, a Mexican national was arrested pursuant to an indictment charging him with fraud and misuse of visas, permits, and documents. A joint investigation by the OIG's McAllen Field Office and U.S. Border Patrol developed evidence that the Mexican national was selling Border Crossing Cards and green cards that he allegedly obtained from an INS immigration inspector. During an undercover operation, the Mexican national sold seven Border Crossing Cards and green cards. A subsequent search warrant executed on his residence resulted in the seizure of approximately 40 additional Border Crossing Cards and green

cards, along with other identification documents. The Mexican national pled guilty and was sentenced to three years' incarceration and six months' home confinement.

### Bribery

- ◆ A former INS supervisory immigration inspector assigned to the Miami International Airport, his wife, and his sister-in-law were arrested and pled guilty to charges of conspiracy to commit bribery and transferring an identification document without lawful authority. A joint investigation by the OIG's Miami Field Office, DEA, and FBI established that the former supervisory immigration inspector, assisted by his wife and sister-in-law, accepted bribes as part of an alien smuggling scheme operating between Colombia and Florida. The supervisory immigration inspector accepted a total of \$4,000 during an undercover operation in which he agreed to place an ADIT Stamp in the passport of an illegal alien. As a result of this investigation, the supervisory immigration inspector resigned his position with the INS and was sentenced to ten months' incarceration and three years' supervised release. His wife and sister-in-law were sentenced to 5 years' probation and 10 and 12 months' home confinement, respectively.

- ◆ The El Paso Field Office investigated a variety of criminal allegations in two BOP contract facilities, the Reeves County Detention Center and Big Spring Correctional Center. Eleven separate investigations were opened on a variety of violations, including bribery, possession of contraband (marijuana, cocaine, and cash), and sexual misconduct. As a result of these investigations, seven BOP correctional officers and five inmates were convicted in U.S. District Court during this reporting period. Moreover, since April 1, 2001, 14 employees at these West Texas contract facilities have been terminated from their positions.

- ◆ An INS district adjudications officer assigned to the INS Miami District Office pled guilty to charges of bribery pursuant to a criminal complaint filed in the Southern District of Florida. An investigation by the OIG's Miami Field Office, assisted by the INS and FBI, disclosed that the INS officer had approached several people applying for U.S. citizenship and offered them passing grades on their citizenship exams in exchange for



money. The INS officer was sentenced to five months' incarceration, followed by five months' house arrest and two years' supervised release.

◆ In 1999 a former BOP case manager was arrested following a joint OIG New York Field Office and FBI investigation into allegations that she smuggled cocaine into the U.S. Penitentiary in Allenwood, Pennsylvania. The case manager subsequently pled guilty to one count of bribery and was sentenced to 2 years' probation plus 200 hours of community service. The case manager also agreed to cooperate against the inmates to whom she delivered the drugs, which, after further investigation, led to the arrest and indictment in November and December 2001 of one current and one former inmate on bribery and drug charges. These two individuals subsequently pled guilty to the bribery charges and await sentencing.

◆ In the Northern District of Alabama, a BOP food service employee assigned to the Federal Correctional Institution (FCI) in Talladega, Alabama, was arrested and pled guilty to bribery charges. An investigation by the Atlanta Area Office developed evidence that the food service employee solicited money from inmates at the prison camp to allow them to leave the grounds of the prison for liaisons with women. The investigation further revealed that he sold meat products from the prison to relatives of inmates and smuggled a woman into the prison in his private vehicle for a liaison with an inmate. The employee, an 8-year BOP veteran, resigned his position with the BOP following his OIG interview. He was sentenced to two years' probation.

◆ In our September 2000 *Semiannual Report to Congress*, we reported on a case in which an INS district adjudications officer assigned to the INS Boston District Office was arrested on charges of bribery. A 15-month investigation by the OIG's Boston Area Office, assisted by the FBI and other federal agencies, led to a criminal complaint alleging that the district adjudications officer demanded and accepted approximately \$5,000 in bribes in exchange for granting a naturalization candidate citizenship and removing all references to the candidate's arrest history from his alien file. During this reporting period, the INS employee was sentenced to one year of incarceration and

two years' supervised release after he pled guilty to charges of bribery.

### Attempts to Corrupt Department Employees

◆ In the District of Massachusetts, an alien from the Dominican Republic was arrested for bribing a federal agent and distribution of cocaine as a result of a joint investigation by the OIG's Boston Area Office and DEA. The investigation revealed that when the alien was apprehended on immigration violations, he offered the arresting INS special agent \$100,000 in exchange for his release. At the direction of the OIG, the cooperating INS special agent accepted \$100,000 in cash from the alien, who thereafter revealed times and locations of drug shipments. Approximately 260 kilos of cocaine were seized prior to the alien's arrest. The investigation also resulted in the indictment and arrest of approximately 21 other individuals on drug charges. Judicial proceedings continue.

◆ In the Northern District of Illinois, a Polish national was arrested on charges of bribery. Following his arrival at Chicago O'Hare International Airport on a flight from Poland, the Polish national was processed by an INS immigration inspector who determined that he was ineligible for admission into the United States under a tourist visa because he had overstayed his previous tourist visa and had apparently worked in the United States without a work permit. When advised of this information, the Polish national offered the immigration inspector a \$4,000 bribe to let him into the country. The immigration inspector contacted the Chicago Field Office, which responded immediately and recorded the Polish national confirming the cash bribe offer and paying the immigration inspector \$1,000. Judicial proceedings continue.

### Alien and Drug Smuggling

◆ In the District of Arizona, an INS immigration inspector and a Mexican national were arrested on charges of bribery and attempted importation of a controlled substance. The OIG's Tucson Field Office, in conjunction with the Customs Service and FBI, initiated an investigation after

receiving an allegation from a Customs Service inspector that the INS employee had solicited the inspector's participation in his drug-smuggling activity. Pursuant to the Mexican national's arrest and cooperation, an undercover OIG agent drove a vehicle purported to contain drugs through the immigration inspector's lane. The immigration inspector was arrested after accepting \$5,000 for allowing the vehicle to enter the United States without inspection. The investigation further revealed that the INS immigration inspector and the Mexican national had been smuggling controlled substances into the United States through the INS employee's inspection lane at the port of entry since 1999. Judicial proceedings continue.

- ◆ An INS immigration inspector assigned to the Calexico port of entry was arrested and convicted in the Southern District of California on charges of conspiracy to import cocaine, importation of cocaine, aiding and abetting, and disclosure of confidential information. A joint investigation by the OIG's El Centro Area Office, Customs Service, and FBI disclosed that the immigration inspector permitted a vehicle with more than 1,000 pounds of cocaine to enter the United States from Mexico without proper inspection. The arrests of a Calexico police officer and a civilian on importation of cocaine charges revealed the immigration inspector's involvement in the drug-smuggling operation. Sentencing is pending.

- ◆ A former BOP senior correctional officer assigned to the FCI in Miami, Florida, was convicted at trial in the Southern District of Florida on charges of possessing and importing more than five kilograms of cocaine with the intent to distribute. A joint investigation by the OIG's Miami Field Office, Customs Service, Florida Department of Law Enforcement, Metro-Dade Police Department, and Key West Police Department developed evidence that the senior correctional officer was involved in a Jamaican narcotics-trafficking ring that imported cocaine into the United States via cruise ships. She was sentenced to ten years' incarceration and five years' supervised release.

- ◆ A joint investigation by the OIG's Tucson Field Office and the Customs Service resulted in the arrest of a former INS immigration inspector

and her Mexican national boyfriend in the District of Arizona on charges of smuggling marijuana into the United States and bribery of a public official. A federal grand jury returned a 16-count indictment alleging that, on several occasions, the immigration inspector and her boyfriend smuggled marijuana in a vehicle through her primary inspection lane when she was an INS employee. In exchange for these acts, the Mexican national paid the immigration inspector \$7,500, promised her real estate in Mexico, and set aside \$120,000 for their future use. The immigration inspector resigned from the INS during this investigation. Judicial proceedings continue.

- ◆ An INS immigration inspector, his civilian wife, and a Mexican national were arrested by members of the Public Corruption Task Force (PCTF), of which the OIG's El Paso Field Office is a member. A 3-year investigation by the PCTF culminated in federal grand jury indictments of these three defendants and three other alleged drug traffickers who remain at large. The defendants were charged with multiple counts of conspiracy to import a controlled substance, importation of a controlled substance, bribery of a public official, and money laundering. The investigation determined that the immigration inspector was paid \$5,000 to \$10,000 by the Carrillo-Fuente drug organization for every load of marijuana smuggled into the United States through his inspection lane. The PCTF estimated that the immigration inspector had allowed a total of 164,000 pounds of marijuana into the United States since November 1998. The immigration inspector has been suspended without pay. Judicial proceedings continue.

- ◆ In our September 2001 *Semiannual Report to Congress*, we reported on a joint investigation by the OIG's McAllen Field Office, INS, and FBI that resulted in the arrest of two INS immigration inspectors and two civilian alien smugglers on charges of conspiracy; transporting undocumented aliens; fraud and misuse of visas, permits, and other documents; and bribery. This investigation led to multiple indictments alleging that the INS inspectors and civilian smugglers helped Mexican and Central American nationals enter the United States illegally by selling INS documents for \$300 to \$500. The majority of aliens were smuggled into the United States through the INS employees' inspection lanes at the

Brownsville, Texas, port of entry. During this reporting period, one immigration inspector was sentenced to 34 months' incarceration, fined \$20,000, and terminated from the INS; the second was sentenced to 22 months' incarceration and 36 months' supervised release. One civilian pled guilty and was sentenced to 45 months' incarceration and fined \$6,000. In addition, a third immigration inspector was arrested and pled guilty to alien smuggling, bribery, and document fraud charges; sentencing is pending. Judicial proceedings continue for the remaining civilian.

### False Statements

- ◆ A former supervisory deputy U.S. marshal (SDUSM) was arrested pursuant to an indictment in the District of Colorado on charges of false statements and perjury. An investigation by the Colorado Springs Area Office revealed the former SDUSM made willful false statements to the U.S. marshal and subsequently provided perjurious testimony in a court hearing concerning his post-trial relationship with an alternate juror in the Timothy McVeigh case. The OIG investigation revealed that he falsely denied that he had a personal relationship with the juror. The former SDUSM was in charge of the jury security detail for the McVeigh trial. The SDUSM, a 29-year veteran of the USMS, retired from the Department during this investigation. Judicial proceedings continue.
- ◆ A former U.S. marshal for the District of Montana surrendered and pled guilty to a charge that he made false statements to the OIG. An investigation by the OIG's Seattle Area Office, assisted by the FBI, disclosed that the former U.S. marshal, while serving in that capacity, lied in a sworn statement to the OIG when he stated that he had never purchased illegal drugs. The investigation disclosed that on several occasions in 1997 the former U.S. marshal purchased and distributed cocaine to another individual. The former U.S. marshal was sentenced to one year of incarceration and three years' supervised release.

### Fraud

- ◆ A former sergeant with the Cedar Grove, West Virginia, Police Department was arrested and pled guilty to charges that he committed wire fraud in connection with a COPS grant. An investigation by the Fraud Detection Office demonstrated that the sergeant, the former acting chief of the Cedar Grove Police Department, had forged the signature of the town's mayor to open a fraudulent bank account in the name of the police department and improperly withdrew \$14,461 in COPS grant funds, which he subsequently spent on personal items. Sentencing is pending.
- ◆ A former BOP inmate was arrested and pled guilty to theft by fraud in Colorado state court. A joint investigation by the OIG's Colorado Springs Area Office and the Denver District Attorney's Office revealed that the former inmate used a BOP credit card number from the airline itinerary he received upon his release from BOP custody to fraudulently obtain airline tickets and other services. He was sentenced to six years' incarceration and ordered to pay \$12,476 in restitution.
- ◆ In the Southern District of Ohio, two USMS contract employees were arrested and pled guilty to charges of conspiracy to defraud the United States. The contract employees, owners of a garage and body shop, contracted with the USMS to store and maintain seized motor vehicles. An investigation by the OIG's Chicago Field Office and the USMS developed evidence that, between May 2000 and August 2001, the shop owners removed parts from vehicles stored for the government and used the parts for themselves and their business. In addition, they falsely billed the government for maintenance work that was not performed and used \$7,750 from an auction of government-seized vehicles to pay their own bills. Sentencing is pending.
- ◆ Our September 2001 *Semiannual Report to Congress* reported on a case in which a former Missouri chief of police was indicted and subsequently arrested for theft of money from a federal program and for making false statements to a government agency. An investigation by the Chicago Field Office established that the former police chief falsified COPS Universal Hiring Grant paperwork to claim he hired and paid one additional officer when he in fact used the grant to pay his own salary, including a \$6,000 annual raise. During this reporting period, he was sentenced pursuant to his guilty plea to two years' probation and ordered to pay restitution in the amount of \$53,190.

### Theft

◆ A former USMS inspector assigned to the Portland District Office, where he served as the Witness Protection Program administrator, pled guilty to an information filed in the District of Oregon charging him with theft of government property. An investigation by the San Francisco Field Office developed evidence that, between February 1997 and May 2000, the former USMS inspector stole at least \$21,321 of USMS funds intended for protected witnesses and their family members. He was sentenced to one year of incarceration and ordered to make full restitution. As part of a plea agreement, he resigned his position with the USMS.

### Extortion

◆ A BOP correctional officer assigned to the FCI in Morgantown, West Virginia, was arrested and convicted on extortion charges. An investigation by the Washington Field Office developed evidence that the correctional officer solicited \$30,000 from several inmates at FCI Morgantown in exchange for not restricting their visitation privileges and telephone usage or isolating them in the facility's Special Housing Unit. The investigation further disclosed that he solicited and received National Football League and NASCAR tickets from friends and associates of inmates at FCI Morgantown without making a fair market payment for those items. Sentencing is pending.

◆ An INS district adjudications officer assigned to the INS Los Angeles District Office and a civilian were arrested on California state charges of extortion. The OIG's Los Angeles Field Office and the Bell Gardens Police Department initiated a joint investigation after receiving an allegation that the civilian had attempted to extort \$10,000 from an alien with a pending INS application. The civilian was arrested following an undercover operation during which he accepted partial payment from the alien. Judicial proceedings continue for the defendants.

### Embezzlement

◆ An INS information officer assigned to the INS Newark District Office was arrested on a criminal complaint charging him with embez-

zement. A joint investigation by the OIG's New York Field Office and the USAO for the District of New Jersey identified 49 immigration cases in which the information officer allegedly stole more than \$15,000 in money orders from aliens filing applications with the INS and converted them to his own use. Judicial proceedings continue.

### Impersonation of a Federal Officer

◆ In the Southern District of Florida, a former INS immigration inspector previously assigned to the INS New York City District Office was sentenced to 21 months' incarceration and 1 year of supervised release and was ordered to pay \$75,000 in restitution pursuant to his plea to charges of impersonating a federal officer. A joint investigation by the OIG's Miami Field Office and the INS developed information that the former immigration officer posed as an INS special agent and fraudulently sold immigration documents. A search warrant executed at the immigration officer's residence revealed more than 1,000 INS documents, including Employment Authorization, Asylum, and Adjustment of Status applications.

◆ A joint investigation by the OIG's New York Field Office and the Bronx District Attorney's Office resulted in the arrest of three civilians on New York state charges of grand larceny, criminal possession of stolen property, scheming to defraud, and criminal impersonation. The investigation developed evidence that two of the civilians, one a Bronx clergyman, recruited aliens to participate in a scheme to improperly obtain immigration documents. The third civilian allegedly impersonated an INS immigration officer and helped the aliens complete INS applications. To date, the investigation has found that the three codefendants received approximately \$260,000 from 60 alien victims. Judicial proceedings continue.

◆ A former INS immigration inspector was arrested in the Eastern District of New York on charges of impersonation. A joint investigation by the OIG's New York Field Office and the Internal Revenue Service (IRS) led to a complaint alleging that the former immigration inspector falsely obtained more than \$575,000 from his victims by claiming that he could obtain work visas for aliens seeking entry into the United States from



China. Once he obtained the money, he broke off contact with the aliens. The former immigration inspector, who was employed by the INS from 1987 to 1994, had been arrested by the OIG in 1993, convicted of extortion, sentenced to one year of incarceration, and terminated from the INS. Judicial proceedings continue.

- ◆ An investigation by the OIG's Tucson Field Office and the USAO for the District of Nevada resulted in the arrest of a civilian on charges of impersonating a federal officer and mail fraud. The investigation developed evidence that the civilian, while posing as an INS officer, defrauded approximately 100 individuals by claiming that she could assist them with the immigration process. During an OIG interview, the civilian admitted to earning approximately \$100,000 through her illegal scheme. Judicial proceedings continue.

- ◆ A Nicaraguan national pled guilty and was sentenced in the Northern District of California to 13 months' incarceration for impersonating a federal officer. A joint investigation by the OIG's San Francisco Field Office and the San Jose Police Department developed evidence that the Nicaraguan national took at least \$25,000 from undocumented aliens while falsely claiming to be an INS official who could provide them with green cards. To further his scheme, the defendant obtained counterfeit INS business cards and claimed he knew an INS judge who could approve and expedite INS applications.

### Introduction of Contraband

- ◆ A BOP correctional officer assigned to the FCI in Three Rivers, Texas, was arrested on charges of possession with intent to distribute heroin. A joint investigation by the OIG's McAllen Field Office and the DEA led to a criminal complaint alleging that the correctional officer purchased four ounces of heroin and received \$1,500 for delivering the heroin to an inmate at FCI Three Rivers. Subsequently, he pled guilty to an indictment charging him with bribery and possession of narcotics with intent to distribute. The correctional officer resigned as a result of this investigation. Sentencing is pending.

- ◆ The OIG's El Paso Field Office, together with the Oklahoma City Division of the FBI and the

U.S. Postal Service, conducted an investigation into drug smuggling at the FCI in El Reno, Texas. Investigators uncovered a scheme in which inmates, civilians, and an unidentified BOP correctional officer conspired to introduce drugs into FCI El Reno. Out-of-state members of inmates' families mailed drugs hidden in religious candles to persons in Oklahoma, who repackaged the drugs into smaller quantities and smuggled them into FCI El Reno during visitation or mailed them to inmates. During this reporting period, the investigation resulted in one civilian guilty plea and one inmate sentencing. A third inmate was convicted by a jury.

### Misconduct

- ◆ The OIG's San Francisco Field Office investigated the case of an AUSA responsible for prosecuting drug cases who was romantically involved and living with a convicted drug felon on state parole. After the drug offender had violated conditions of his parole by being arrested for possession of drug paraphernalia, the AUSA contacted state parole authorities and attempted to intervene on his behalf, inappropriately identifying herself as a federal prosecutor and creating the impression she was acting as her boyfriend's attorney, without having sought the required approvals from her supervisor. The investigation concluded that her relationship with a convicted drug offender raised a potential conflict of interest with her duties as a federal drug prosecutor. In response to the OIG report, the U.S. Attorney issued a letter of reprimand to the AUSA.

- ◆ The OIG's Colorado Springs Area Office initiated an administrative investigation into the conduct of an AUSA who made offensive and lewd gestures to a group of her neighbors. The OIG investigation confirmed that the AUSA exposed herself to a group of neighbors, lied to police by denying that she had exposed herself, and did not report the incident to her supervisors, who learned about it when contacted by the police. The OIG concluded that the AUSA's misconduct was egregious and contrary to actions expected of a Department employee.

### Sexual Assault

◆ During this reporting period, Investigations field offices conducted 54 investigations into allegations of sexual abuse by BOP employees against BOP inmates. These investigations resulted in the arrest of seven BOP employees and the conviction and sentencing of nine BOP employees on charges of sexual abuse of a ward. They also led to eight resignations, one termination, and one suspension of BOP employees.

## Program Improvement Recommendations

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

◆ The Chicago Field Office investigated an alleged loss of \$1,351 that had been entered into the property inventory of the INS Kansas City Detention Office after the arrest of an alien. When the alien was removed from the facility, he was told to sign for his cash and other articles, but he was not given his property bag until several hours later at the Mexican border. The alien later complained that his cash was not in the property bag. Further OIG review of the inventory practices at INS offices in Chicago, Detroit, Indianapolis, Milwaukee, and St. Louis found that procedures for returning property to detainees differed widely among the offices. In response to these findings, the OIG recommended that INS National Detention Standards require that detainees verify and sign for their property only at the time it is physically returned to their custody, that all valuables inventoried and stored in the office safe be returned to the detainee at the time the detainee signs for the article, and that all returned property bags that are not clear plastic be opened and all contents verified by the detainee when the property is signed

back to the detainee. The OIG further recommended that detainees should be allowed to identify their own property bags in the common lockup area and carry them to the INS transport vehicle and that at no time should detainees be allowed to load property bags of other detainees.

◆ The OIG prepared a PRR regarding grants awarded under the COPS program as the result of several fraud investigations conducted by the Chicago Field Office. Two of the investigations resulted in criminal convictions of a Sisseton-Wahpeton Sioux Tribal Police Department former chief of police and former sergeant. Both were convicted of conspiring to defraud COPS, submitting false claims to COPS, and submitting a false statement to COPS. Based on these and other COPS investigations, the OIG developed several recommendations to help deter fraud in the administration of the COPS program. These recommendations include requiring that (1) initial grant applications and other grant-initiating documents bear the signatures of both the government executive and the law enforcement executive who have oversight responsibility of the grants; (2) all COPS applications, annual reports, and financial status reports contain a criminal warning about the consequences of submitting a false claim or false statement; (3) COPS maintain a record of which version of the *Grant Owner's Manual* and other documents are provided to each grantee and on what date; and (4) COPS officials not alter the official grant document prepared by the grantee but instead require the grantee to resubmit a document with the correct information.

## Investigations Statistics

The following chart summarizes the workload and accomplishments of Investigations during the 6-month period ending March 31, 2002.

### Source of Allegations

Hotline (telephone and mail)	445
Other sources	3,376
Total allegations received	3,821

### Investigative Caseload

Investigations opened this period	319
Investigations closed this period	298
Investigations in progress as of 3/31/02	595

### Prosecutive Actions

Criminal indictments/informations	71
Arrests	84
Convictions/Pleas	75

### Administrative Actions

Terminations	21
Resignations	33
Disciplinary action	11

### Monetary Results

Fines/Restitutions/Recoveries	\$253,333
Seizures	\$13,971
Bribe monies deposited to the Treasury	\$28,020





# The Office of Oversight and Review

The Office of Oversight and Review (O&R) is composed of attorneys, special agents, program analysts, and administrative personnel. O&R investigates sensitive allegations involving Department employees, often at the request of the Attorney General, senior Department managers, or Congress. O&R also conducts systemic reviews of Department programs.

## Significant Investigations

### The Belated Production of Documents in the Oklahoma City Bombing Case

On May 8, 2001, one week before Timothy McVeigh's scheduled execution date for bombing the Oklahoma City federal building, the Department and the FBI revealed to attorneys for McVeigh and Terry Nichols that more than 700 investigative documents had not been disclosed to them before their trials. The documents had been discovered in FBI field office files during a routine archival process. The prosecutors acknowledged that the documents should have been disclosed prior to the defendants' trials in 1997 and that the failure to disclose them timely violated the parties' discovery agreement. The belated disclosure led to widespread media attention and allegations that the government had intentionally failed to provide exculpatory material to the defendants.

The Attorney General stayed McVeigh's execution for one month and subsequently asked the OIG to investigate the circumstances surrounding the belated production of the documents. The OIG investigative team, which consisted of attorneys, special agents, auditors, and support personnel, conducted more than 200 interviews of current and former FBI and Department employees

during this review. On March 19, 2002, the OIG released a 192-page report detailing the results of our investigation.

The OIG found that widespread failures by the FBI led to the belated disclosure of more than 1,000 documents in the OKBOMB case. We traced the failures to a variety of causes, including individual mistakes by FBI employees, the FBI's cumbersome and complex document-handling procedures, agents' failures to follow FBI policies and directives, inconsistent interpretation of policies and procedures, agents' lack of understanding of the unusual discovery agreement in this case, and the tremendous volume of material being processed within a short period of time. The failures were not confined to either the FBI field offices or the OKBOMB Task Force; both share responsibility. However, the OIG did not find that any FBI employees intentionally withheld from the defense any documents they knew to be discoverable.

The OIG report criticizes several senior FBI managers for how they responded when they became aware of the belated documents problem. The issue was first discovered in January 2001 by two employees in the FBI's Oklahoma City field office as part of a routine archiving process. In materials sent to Oklahoma City by FBI field offices, these employees found documents that had not been turned over to defense attorneys. Yet, the OIG found that the senior managers to whom they reported the problem failed to adequately manage the document review process and failed to set any deadlines for completing the project. Most troubling, the managers failed to notify FBI Headquarters or the prosecutors in the case until the beginning of May, one week before McVeigh's scheduled execution. The OIG recommended that the FBI consider discipline for

these managers' failure to resolve and disclose the problem in a timely way.

In addition, the OIG found that the FBI failed to effectively address the document problems even after they were discovered. Instructions issued by FBI headquarters to the field were confusing, contradictory, and incomplete. The OIG also found that many field offices failed to provide information and documents in a timely or accurate manner in response to several requests in 2001. The OIG also found that some Oklahoma City documents were destroyed as part of the archival process before the problem of the belated production of documents was discovered and that the court handling the McVeigh's Motion for Stay of Execution had not been notified of the destruction.

The OIG concluded that the FBI's antiquated information management systems could have a continuing negative impact on its ability to handle or retrieve documents in an efficient, useful, or comprehensive way. Our report offers a series of recommendations to help address the FBI's systemic weaknesses, including improved planning for complex, document intensive cases; computer system enhancements; increased automation training; and improvement and simplification of FBI record-keeping systems.

On March 21, 2002, the Senate Judiciary Committee held a hearing to explore the issues raised by the OIG report, and committee members expressed concern about the FBI's information management systems. The FBI accepted the OIG's findings and stated that it would address each of the OIG's recommendations. The FBI also reported that it was in the process of overhauling the FBI's document handling systems and substantially upgrading its information technology.

### Atta and Alshehhi Student Visas

Six months after the September 11 terrorist attacks, an aviation school in Florida received notices that the INS had approved student visa applications for two of the terrorists, Mohamed Atta and Marwan Alshehhi. Public disclosure of this incident led to widespread criticism of the INS, and the President called for an investiga-

tion. The Attorney General requested that the OIG conduct a review. The OIG has assembled a team of attorneys, special agents, and inspectors to examine the handling of Atta's and Alshehhi's student visa applications and to review and assess the INS's foreign student program.

## Other Cases

- ◆ O&R investigated an allegation that the INS retaliated against two Border Patrol agents by proposing to discipline them after they spoke to the media about their concerns regarding the security of the northern border following the September 11 terrorist attacks. INS managers proposed to discipline the agents allegedly because they had violated an INS policy prohibiting employees from speaking to the media without authorization and because the employees allegedly had revealed sensitive information about the northern border. Around the same time, the agents appeared before a congressional oversight committee that examined the Border Patrol's policies regarding release of apprehended aliens. We concluded that the proposed discipline was prompted by the agents' media contacts, not by their subsequent cooperation with Congress. However, we questioned the INS's decision to discipline the two agents and concluded that it was unlikely to be upheld in light of the law governing federal employees' right to speak out on matters of public interest. Our report also made several recommendations to the INS, including that the INS develop a coherent policy that would govern employee contacts with the media.
- ◆ O&R investigated an allegation that a potential nominee for a U.S. Attorney position lied to Department personnel and on a security clearance form about past drug usage. The OIG found that the security clearance form and the potential nominee's initial answers to questions posed by Department personnel were not complete, but we did not conclude that the nominee intentionally failed to disclose the relevant information.

## Ongoing Reviews

- ◆ O&R is reviewing whether the FBI has a “double standard” in its discipline process, specifically whether the FBI disciplines its senior managers less harshly than other employees.
- ◆ O&R is conducting reviews of allegations brought by five FBI whistleblowers. The whistleblowers allege that they were retaliated against after they raised serious issues of mismanagement or misconduct with their supervisors or with the FBI’s Office of Professional Responsibility.



# Other OIG Activities

## Congressional Testimony

During this reporting period, the IG testified before congressional committees six times.

- ◆ **Belated Production of Documents in the Oklahoma City Bombing Investigation:** The IG testified before the Senate Committee on the Judiciary on March 21, 2002, about the findings in the OIG's 192-page report on the belated production of documents by the FBI in the Oklahoma City bombing case.
- ◆ **Oversight of Department Grant Programs:** The IG testified before the House Committee on the Judiciary's Subcommittee on Crime on March 15, 2002, about the OIG's oversight of Department grant programs, which account for almost \$5 billion, or 20 percent, of the Department's annual budget. The IG's testimony highlighted results from numerous OIG audits, inspections, and investigations of grants issued by OJP and COPS.
- ◆ **Oversight of the Visa Waiver Program:** During a hearing called by the House Committee on the Judiciary's Subcommittee on Immigration and Claims to examine the VWP, the IG testified about a December 2001 OIG follow-up review to a 1999 OIG inspection of the program. The VWP, a joint responsibility of the INS and the Department of State, waives visa requirements for visitors from 28 countries who travel to the United States for business or pleasure. The OIG's follow-up review found that the INS had implemented the OIG's 1999 recommendations in an inconsistent and incomplete manner.
- ◆ **Restructuring the INS:** The IG testified before the House Committee on the Judiciary's Subcommittee on Immigration and Claims about enforcement and performance issues at the INS. In his testimony at the October 17, 2001, hearing, the IG identified four systemic deficiencies he believed the INS needs to

address in order to effectively fulfill its critical responsibilities: (1) management weaknesses that affect program design and implementation, (2) information systems that are unreliable, (3) overlapping and unclear chains of command that hinder consistent enforcement of policies and procedures throughout the INS, and (4) a lack of individual and organizational accountability.

- ◆ **Technology's Role in Preventing Terrorism:** The IG testified before the Senate Committee on the Judiciary's Subcommittee on Technology, Terrorism, and Government Information about the role of technology in preventing the entry of terrorists into the United States. In his remarks at the October 12, 2001, hearing, the IG discussed the results of OIG reviews of Department information technology systems, particularly in the INS. IG Fine testified that the OIG has found significant problems in a variety of INS programs and their associated information technology systems that leave gaps in the INS's attempts to secure the nation's borders.
- ◆ **Using Technology To Secure America's Borders:** In a hearing on October 11, 2001, the House Committee on the Judiciary's Subcommittee on Immigration and Claims also focused on the use of technology to secure America's borders. In addition to discussing the OIG's recent work reviewing INS programs and their associated information technology systems, the IG testified that many OIG reviews have questioned the reliability of the INS's automated information systems and the accuracy of the data produced by those systems.

## Top Management Challenges

During this reporting period, the OIG transmitted to Congress its annual list of "Top Management Challenges" in the Department.

The OIG has created such a list since 1997. The challenges are not listed in order of seriousness; however, in a transmittal letter to Congress, the IG noted that the top challenge facing the Department is its response to terrorism, a challenge that the OIG first placed on the list last year. In addition to updating management challenges that were on the list in previous years, the December 2001 list added three new challenges (“Sharing of Intelligence and Law Enforcement Information,” “Performance Based Management,” and “Department of Justice Organizational Structure”). The OIG combined two challenges from its 2000 list (“INS Border Strategy” and “Removal of Illegal Aliens” have become “The INS’s Enforcement of Immigration Laws”) and removed two challenges (“Prison Overcrowding” and “Human Capital”). The 2001 Top Management Challenges are:

1. Counterterrorism
2. Intelligence Gathering and Information Sharing
3. Information Systems Planning and Implementation
4. Computer Systems Security
5. Financial Statements and Systems
6. Detention Space and Infrastructure—USMS and INS
7. The INS’s Enforcement of Immigration Laws
8. Grant Management
9. Performance-Based Management
10. Department of Justice Restructuring

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

## Briefings and Training

OIG personnel regularly provide briefings and training inside and outside the Department. For example, during this reporting period:

- ◆ OIG investigators conducted 142 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official’s position for personal gain and to deter employees from committing such offenses. The briefings reached 4,542 employees.
- ◆ The Deputy IG made a presentation at the Department’s National Advocacy Center, Columbia, South Carolina, on ethics and misconduct investigations. The conference was conducted by the EOUSA and was attended by approximately 70 ethics advisors from the USAOs.
- ◆ OIG personnel met with international visitors to discuss issues involving corruption and fraud. The special agent in charge of Investigations’ San Diego Field Office met with officials from many Central and South American countries as part of a program developed with the U.S. Department of State called “Anti-Corruption in the Government and the Private Sector.” On another occasion, OIG staff met with a group of Russian visitors to discuss the OIG’s enforcement of criminal and civil laws, regulations, and ethical standards within the Department.
- ◆ The special agent in charge of the OIG’s Fraud Detection Office is an instructor of the Inspector General Academy’s Contract and Grant Fraud training course for investigators in the IG community. In addition, he serves as a regular instructor at the BOP construction-contracting course and was a guest instructor at the U.S. Department of the Interior OIG fraud investigations course.
- ◆ GAO’s Center for Evaluation Methods and Issues, Applied Research and Methods is preparing a paper on cross-discipline strategies and potential benefits and drawbacks of diverse workgroups collaborating on assignments. GAO staff met with E&I to discuss our FY 2001 review of Mexican juvenile repatriation in which OIG investigators and inspectors joined to perform the fieldwork.
- ◆ The FBI’s Inspections Division, Evaluation and Review Unit, asked E&I to share information about how it provides training to its evaluation workforce. E&I provided its training goals and objectives, names of training consultants, and training courses.

- ◆ E&I staff met with a representative from the U.S. Government Printing Office (GPO) OIG to discuss E&I's structure and the type of reviews it conducts to assist the GPO OIG in the possible establishment of a similar office at the GPO.

## Task Forces, Working Groups, and Committees

In addition to the work it conducts within the Department, the OIG participates in cooperative endeavors with other entities. Some noteworthy activities during this reporting period are described below.

- ◆ The San Diego Field Office participates, along with the FBI, DEA, Customs Service Office of Internal Affairs, and IRS, in the San Diego Border Corruption Task Force (BCTF), which investigates allegations of corruption against federal law enforcement officials. Of the 20 ongoing BCTF investigations, 8 were brought to the BCTF by the OIG's San Diego Field Office.
- ◆ The Miami Field Office organized an Inspector General Council in the Southern District of Florida. The Miami Field Office also established a Corruption Task Force at Miami International Airport with several other OIGs, the FBI, and Customs Internal Affairs.
- ◆ Audit participated in the following working groups:
  - ◆ the Department's Chief Information Officer Council, a forum for sharing information and resolving information resource management issues that affect multiple components;
  - ◆ the Department's Information Technology Security Officers Working Group, a forum for Department security personnel to learn about the latest in security vulnerabilities, technologies, and solutions; exchange information and ideas with peers throughout the Department; and improve cooperation and information sharing across components;
- ◆ the Department's Financial Statement Working Group, which provides continuing guidance to Department components on the compilation of consolidated and component financial statements;
- ◆ Federal Audit Executive Council's Financial Statement Audit Network, which includes representatives from OMB, other Executive branch agencies, GAO, and the Federal Accounting Standards Advisory Board, who meet monthly to discuss common audit and accounting issues; and
- ◆ an interagency group that is updating the GAO/PCIE Financial Audit Manual, which will be used by the IG community, GAO, and independent public accountants in performing federal financial statement audits.

## PCIE Activities

The PCIE consists of the 28 Presidentially appointed IGs in the federal government. IG Fine is a member of the PCIE's Investigations Committee and Inspections and Evaluations Committee. In addition, OIG staff participate in a variety of PCIE activities and serve on numerous PCIE committees and subgroups. During this reporting period, Audit staff served as the OIG's representative to the newly revamped PCIE GPRA Coordinating Committee that is addressing the Administration's management agenda, OIG performance measures, and information sharing among PCIE members. In addition, managers from E&I attended PCIE Inspection and Evaluation Roundtable meetings to discuss joint initiatives, including the PCIE's government purchase card evaluation project that is encouraging OIGs to examine their agencies' use of government credit cards to ensure proper internal controls.

## Legislation and Regulations

The IG Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of the Department.



Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation that affects it or legislation that relates to waste, fraud, or abuse in the Department's programs or operations. During this reporting period, the OIG reviewed a variety of legislation, including (1) a Senate bill that would institute reforms in the FBI, including codifying the Attorney General's July 2001 expansion of the OIG's investigative jurisdiction in the FBI and DEA, (2) House and Senate bills to reauthorize the Department, and (3) a House bill that would require certain executive branch agencies to develop a program to identify errors made in paying contractors and recover any amounts erroneously paid to contractors.

# Appendix 1

## EVALUATION AND INSPECTIONS DIVISION REPORTS

### October 1, 2001 – March 31, 2002

Follow-Up Report on the Border Patrol's Efforts to Improve Northern Border Security

Status of IDENT/IAFIS Integration

Follow-Up Report on the Visa Waiver Program

Follow-Up Report on Improving the Security of the Transit Without Visa Program

Review of the Office of International Affairs' Role in the International Extradition of Fugitives

Review of INS's National Customer Service Center Telephone Information Service

## Appendix 2

### AUDIT DIVISION REPORTS

October 1, 2001—March 31, 2002

#### INTERNAL AND EXTERNAL AUDIT REPORTS

American University Public Safety Department,  
Washington, DC

Auburn, Washington Police Department

Berkeley County, West Virginia Sheriff's  
Department

Bloomington, Indiana Police Department

Brea, California Consortium

Burlington County, New Jersey Prosecutor's  
Office

Christiansburg, Virginia Police Department

Combined DNA Index System Activities, Orange  
County, California Sheriff-Coroner, Forensic  
Science Services

Combined DNA Index System Activities, Oregon  
State Police, Forensic Services Division

Departmental Critical Infrastructure  
Protection—Planning for the Protection of  
Physical Infrastructure

Everett, Washington Police Department

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

Franklin, Wisconsin Police Department

Horry County, South Carolina Police Department

Immigration and Naturalization Service  
Intergovernmental Service Agreement for  
Detention Facilities with the DeKalb County,  
Georgia Sheriff's Office

Immigration and Naturalization Service  
Intergovernmental Service Agreement for  
Detention Facilities with the Manatee County,  
Florida Government

Immigration and Naturalization Service  
Intergovernmental Service Agreement for  
Detention Facilities with the Office of the Sheriff,  
DuPage County, Illinois

Independent Evaluation Pursuant to the  
Government Information Security Reform Act for  
Fiscal Year 2001—The Drug Enforcement  
Administration's El Paso Intelligence Center  
Information System (Unclassified)

Independent Evaluation Pursuant to the  
Government Information Security Reform Act for  
Fiscal Year 2001—The Drug Enforcement  
Administration's Firebird System

Independent Evaluation Pursuant to the  
Government Information Security Reform Act for  
Fiscal Year 2001—The Executive Office for U.S.  
Attorneys Justice Consolidated Office Network II

Independent Evaluation Pursuant to the  
Government Information Security Reform Act for  
Fiscal Year 2001—The Rockville and Dallas Data  
Centers

Independent Evaluation Pursuant to the  
Government Information Security Reform Act for  
Fiscal Year 2001—The Drug Enforcement  
Administration's Merlin System

Live Oak, Florida Police Department

Loudoun County, Virginia Sheriff's Office

Milpitas, California Police Department

Office of Justice Programs State and Local  
Domestic Preparedness Grant Programs

Prompt Pay Act—Interest Penalties by the  
Department of Justice During Fiscal Years 2000  
and 2001

Select Computer Security Controls of the Federal  
Bureau of Prisons' Network Computer System

Stockton, California Police Department

Superfund Activities in the Environment and Natural Resources Division for Fiscal Years 1998 and 1999

The Civil Debt Collection Reconciliation Process

The Drug Enforcement Administration's Contract with Diplomatic Language Services for Linguistic Services for the Miami, Florida Field Division

The Drug Enforcement Administration's Contract with McNeil Technology, Inc., for Linguistic Services for the San Diego, California Field Division

The Drug Enforcement Administration's Contract with SOS Interpreting, Ltd. for Linguistic Services for the Dallas, Texas Field Division

The Drug Enforcement Administration's Contract with SOS Interpreting, Ltd. for the Houston, Texas Field Division

The Federal Witness Security Program in the Criminal Division

U.S. Department of Justice Annual Financial Statement for Fiscal Year 2001

U.S. Marshals Service Maintenance and Disposal of Seized Assets at Selected Western Districts

Vacaville, California Police Department

## TRUSTEE AUDIT REPORTS

Performed under a reimbursable agreement with the  
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## SINGLE AUDIT ACT REPORTS OF DEPARTMENT OF JUSTICE ACTIVITIES

American Association of Motor Vehicles Administrators and Affiliates	The City of Buffalo, New York Primary Government
Athens, Texas Independent School District	The City of Camden, New Jersey
Collin County, Texas	The City of East Point, Georgia
Cullman County Commission, Alabama	The City of Fitchburg, Massachusetts
Developmental Research Programs, Inc., Washington	The City of Fort Smith, Arkansas
District of Columbia Department of Corrections	The City of Fort Worth, Texas
District of Columbia Public Safety Cluster	The City of Hapeville, Georgia
Dixie County, Florida	The City of Hidalgo, Texas
Fulton County, Georgia	The City of Hoboken, New Jersey
Jefferson Parish, Louisiana	The City of Homestead, Florida
Lake County, Florida	The City of Johnstown, New York, FY 1999
Northeast Council of Governments, South Dakota	The City of Johnstown, New York, FY 2000
Orleans Parish, Louisiana Juvenile Court	The City of Jonesboro, Arkansas Police Department
Queues Enforth Development, Inc.	The City of Kenner, Louisiana
Rankin County, Mississippi	The City of Lackawanna, New York
Screven County, Georgia	The City of LaVergne, Tennessee
St. Martin Parish, Louisiana Sheriff's Department	The City of Lowell, Massachusetts
Taylor County, Florida	The City of Madison, Alabama
Texas Christian University	The City of New Bedford, Massachusetts
The City of Abington, Massachusetts, FY 1998	The City of New York, New York
The City of Abington, Massachusetts, FY 1999	The City of Panama City Beach, Florida
The City of Atlanta, Georgia	The City of Plantation, Florida
The City of Augusta, Georgia	The City of Pueblo, Colorado
The City of Baltimore, Maryland, FY 1999	The City of Sweetwater, Florida
The City of Baltimore, Maryland, FY 2000	The City of Union City, New Jersey

The City of West Monroe, Louisiana

The City of Winooski, Vermont

The Commonwealth of Massachusetts

The Community Network for Children, Youth and Families of Chittenden County, Inc., FY 1999

The Community Network for Children, Youth and Families of Chittenden County, Inc., FY 2000

The Community Network for Children, Youth and Families of Chittenden County, FY 2001

The Council of Juvenile Correctional Administrators, Inc., FY 1999

The Council of Juvenile Correctional Administrators, Inc., FY 2000

The County of Bristol, Massachusetts

The County of Camden, New Jersey

The County of Tompkins, New York

The KidsPeace Corporation and Subsidiaries

The National Council of the Churches in Christ in the United States of America

The National Development and Research Institutes, Inc.

The National Urban Technology Center, Inc.

The National Victims Center

The Research Foundation of State University of New York

The Seneca Nation of Indians, FY 1999

The Seneca Nation of Indians, FY 2000

The State of Maine

The State of New York

The Town of East Bridgewater, Massachusetts

The Town of Haverstraw, New York

The Town of Manchester, Connecticut

The Town of Monroe, Connecticut

The Town of North Reading, Massachusetts

The Town of Riverhead, New York

The Town of Rockland, Massachusetts

The Town of St. Johnsbury, Vermont

The Town of Stowe, Vermont

The Town of Wolcott, Connecticut

The Township of Neptune, New Jersey

The Vera Institute of Justice, Inc.

The Village of St. Johnsville, New York, FY 1998

The Village of St. Johnsville, New York, FY 1999

**AUDIT DIVISION REPORTS**

October 1, 2001 – March 31, 2002

**Quantifiable Potential Monetary Benefits**

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
American Association of Motor Vehicle Administrators and Affiliates	\$449,018		
American University Public Safety Department, Washington, DC	\$101,256	\$3,910	
Auburn, Washington Police Department	\$5,514		\$17,316
Berkeley County, West Virginia Sheriff's Department	\$49,668	\$49,668	
Bloomington, Indiana Police Department			\$7,425
Brea, California Consortium	\$4,269,299		\$2,395,448
Burlington County, New Jersey Prosecutor's Office	\$2,717,746		
Collin County, Texas	\$10,806		
Developmental Research Programs, Inc., Washington	\$78,825		
District of Columbia Department of Corrections	\$71,855	\$71,855	
District of Columbia Public Safety Cluster	\$2,687	\$1,437	
Horry County, South Carolina Police Department	\$464,867	\$42,965	\$424,246
Immigration and Naturalization Service Intergovernmental Service Agreement for Detention Facilities with the DeKalb County, Georgia Sheriff's Office	\$5,662,918		\$7,826,236
Immigration and Naturalization Service Intergovernmental Service Agreement for Detention Facilities with the Manatee County, Florida Government	\$1,090,464		\$1,204,774
Live Oak, Florida Police Department	\$831,622		\$225,207

October 1, 2001–March 31, 2002

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
Loudoun County, Virginia Sheriff's Office	\$107,288		\$46,162
Milpitas, California Police Department	\$192,642		\$2,264
Office of Justice Programs State and Local Domestic Preparedness Grant Programs	\$870,899		
Stockton, California Police Department	\$2,854,170		\$88,098
The City of Abington, Massachusetts, FY 1998	\$83,456	\$56,899	
The City of Abington, Massachusetts, FY 1999	\$243,594	\$141,601	
The City of Atlanta, Georgia	\$46,878		
The City of East Point, Georgia	\$73,689		
The City of Fort Smith, Arkansas	\$16,060		
The City of Fort Worth, Texas	\$1,141,000		
The City of LaVergne, Tennessee	\$36,136		
The City of New Bedford, Massachusetts	\$633,589		
The City of New York, New York	\$71,760		
The City of Panama City Beach, Florida	\$18,977		
The Community Network for Children, Youth and Families of Chittenden County, Inc., FY 2000	\$8,868	\$8,868	
The Drug Enforcement Administration's Contract with Diplomatic Language Services for Linguistic Services for the Miami, Florida Field Division	\$169,521	\$24,873	
The Drug Enforcement Administration's Contract with McNeil Technology, Inc., for Linguistic Services for the San Diego, California Field Division	\$736,284	\$86,879	
The Drug Enforcement Administration's Contract with SOS Interpreting, Ltd. for Linguistic Services for the Dallas, Texas Field Division	\$1,068,679	\$540,507	

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
The Drug Enforcement Administration's Contract with SOS Interpreting, Ltd. for Linguistic Services for the Houston, Texas Field Division	\$740,803	\$188,871	
The National Council of the Churches in Christ in the United States of America	\$5,267	\$5,267	
The State of Maine	\$90,657	\$78,172	
The Town of East Bridgewater, Massachusetts	\$47,107		
The Town of North Reading, Massachusetts	\$10,811		
The Village of St. Johnsville, New York, FY 1998	\$43,746	\$43,746	
<b>Total</b>	<b>\$25,118,426</b>	<b>\$1,345,518</b>	<b>\$12,237,176</b>

## Appendix 3

### GLOSSARY OF TERMS

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

**ADIT (I-551) Stamp:** An INS stamp placed in an alien's passport, signifying temporary evidence of lawful admission for permanent residence.

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

**Application for Asylum (I-589):** Form submitted by aliens to apply for asylum in the United States.

**Application for Employment Authorization (I-765):** Form submitted by aliens, who are temporarily in the United States, to request work authorization. Other aliens who are authorized to work in the United States without restrictions can use this form to apply to the INS for a document evidencing such authorization.

**Application to Adjust Status (I-485):** Form submitted by the individual wishing to obtain permanent resident status in the United States.

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

**Border Crossing Card:** An INS identification card (Form I-586) issued to Mexican nationals residing along the border in Mexico that permits entry into the United States for shopping or visits of short duration.

**External Audit Report:** The results of audits and related reviews of expenditures made under Department of Justice contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller

General's *Government Auditing Standards* and related professional auditing standards.

**Green Card:** INS Alien Registration Receipt Card (Form I-151 or Form I-551) that serves as evidence of authorized stay and employment in the United States.

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

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

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

**National:** A person owing a permanent allegiance to a nation.

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

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

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

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

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

**Restitution Funds:** Payments to victims of crimes or civil wrongs ordered by courts as part of a criminal sentence or civil or administrative penalty.

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

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

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

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



## Appendix 4

### ACRONYMS AND ABBREVIATIONS

The following are acronyms and abbreviations used in the report.

<b>AIG</b>	Assistant Inspector General	<b>INS</b>	Immigration and Naturalization Service
<b>Audit</b>	Audit Division of the Office of the Inspector General	<b>Investigations</b>	Investigations Division of the Office of the Inspector General
<b>AUSA</b>	Assistant U.S. Attorney	<b>JMD</b>	Justice Management Division
<b>BOP</b>	Federal Bureau of Prisons	<b>O&amp;R</b>	Office of Oversight and Review of the Office of the Inspector General
<b>COPS</b>	Office of Community Oriented Policing Services	<b>OIG</b>	Office of the Inspector General
<b>DEA</b>	Drug Enforcement Administration	<b>OJP</b>	Office of Justice Programs
<b>Department</b>	U.S. Department of Justice	<b>OKBOMB</b>	The FBI's investigation into the Oklahoma City bombing
<b>E&amp;I</b>	Evaluation and Inspections Division of the Office of the Inspector General	<b>OMB</b>	Office of Management and Budget
<b>EOUSA</b>	Executive Office for U.S. Attorneys	<b>PCIE</b>	President's Council on Integrity and Efficiency
<b>FBI</b>	Federal Bureau of Investigation	<b>SBU</b>	Sensitive but unclassified
<b>FCI</b>	Federal Correctional Institution	<b>USAO</b>	U.S. Attorney's Office
<b>FY</b>	Fiscal Year	<b>USMS</b>	U.S. Marshals Service
<b>GAO</b>	General Accounting Office	<b>VWP</b>	Visa Waiver Program
<b>GISRA</b>	Government Information Security Reform Act of 2001		
<b>GPRA</b>	Government Performance and Results Act of 1993		
<b>IG</b>	Inspector General		
<b>IGA</b>	Intergovernmental Service Agreement		
<b>IRS</b>	Internal Revenue Service		

## Appendix 5

### Reporting Requirements Index

The *Inspector General Act of 1978*, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

<b>IG Act References</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation and Regulations	<b>41-42</b>
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	<b>7-37</b>
Section 5(a)(2)	Significant Recommendations for Corrective Actions	<b>7-23 &amp; 35-36</b>
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	<b>18</b>
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	<b>25-33</b>
Section 5(a)(5)	Refusal to Provide Information	<b>None</b>
Section 5(a)(6)	Listing of Audit Reports	<b>44-53</b>
Section 5(a)(7)	Summary of Significant Reports	<b>7-37</b>
Section 5(a)(8)	Audit Reports—Questioned Costs	<b>20</b>
Section 5(a)(9)	Audit Reports—Funds to be Put to Better Use	<b>19</b>
Section 5(a)(10)	Prior Audit Reports Unresolved	<b>18</b>
Section 5(a)(11)	Significant Revised Management Decisions	<b>None</b>
Section 5(a)(12)	Significant Management Decisions with Which the OIG Disagreed	<b>None</b>

# Report waste, fraud, and abuse

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

## U.S. Department of Justice

Office of the Inspector General Hotline

Investigations Division

950 Pennsylvania Avenue, NW

Room 4706

Washington, DC 20530

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

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

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

# Report violations of civil rights/liberties

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

## Civil Rights & Civil Liberties Complaints

Office of the Inspector General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Room 4706  
Washington, DC 20530

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

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

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## On-Line Report Availability

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

[www.usdoj.gov/oig](http://www.usdoj.gov/oig).

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

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

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

Or call:  
(202) 616-4550



Department of Justice  
Office of the Inspector General

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