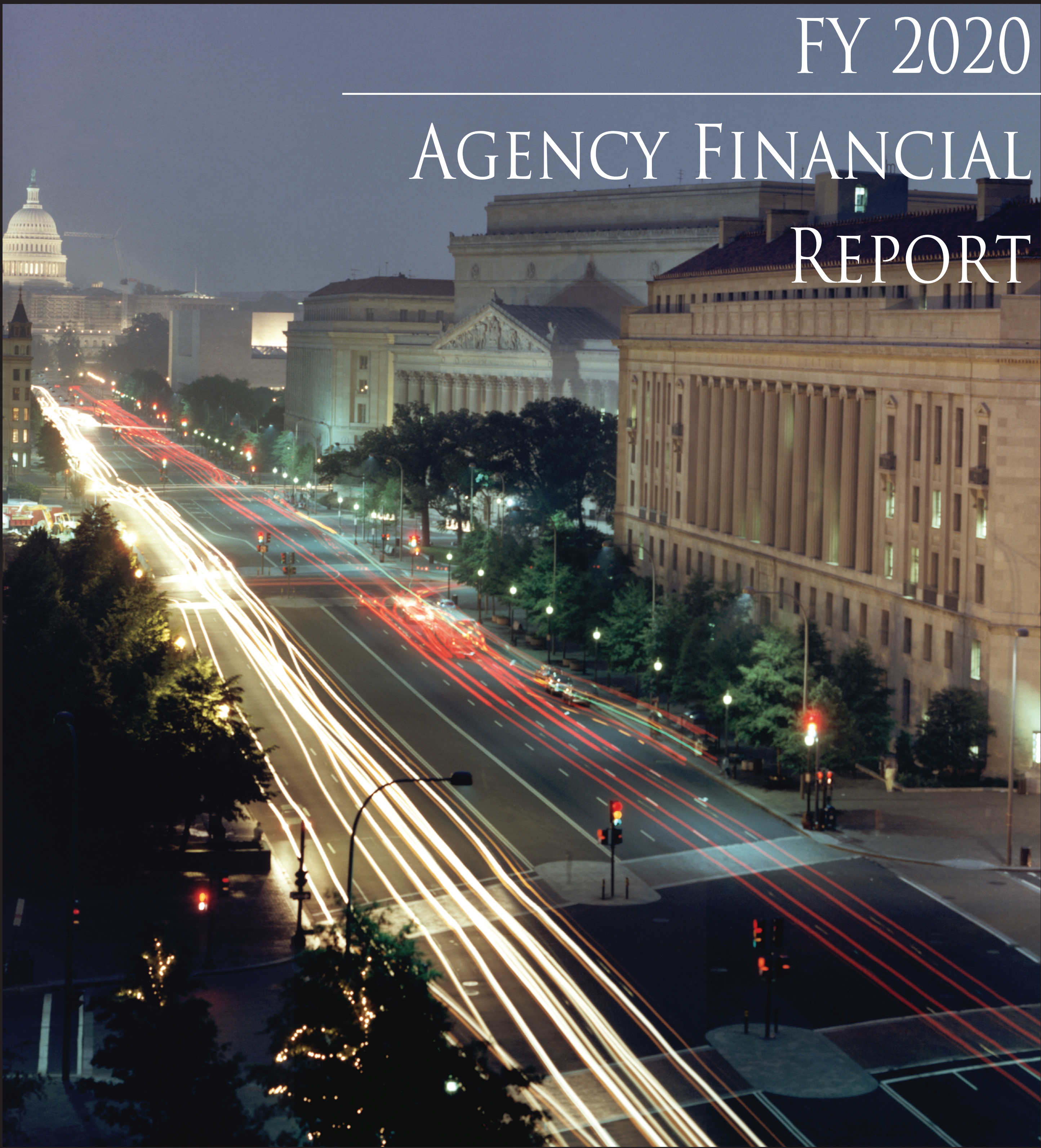
U.S. Department of Justice
Office of the Attorney General

FY 2020
Agency Financial Report



U.S. Department of Justice

DEPARTMENT OVERVIEW

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     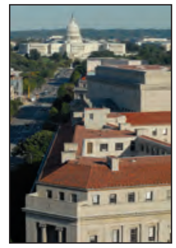  

HISTORY AND ENABLING LEGISLATION

The Department of Justice, often referred to as the largest law office in the world, began in 1789 with a staff of two: the Attorney General and a clerk. The Judiciary Act of 1789 created the Office of the Attorney General, providing for the appointment of "a person, learned in the law, to act as attorney-general for the United States." By 1870, the duties of the Office of the Attorney General had expanded so much that Congress adopted "An Act to establish the Department of Justice." As its head, the Attorney General is the chief litigator and the chief law enforcement officer of the United States.

FY 2018   2022 STRATEGIC GOALS

Goal I: Enhance National Security and Counter the Threat of Terrorism

Goal II: Secure the Borders and Enhance Immigration Enforcement and Adjudication

Goal III: Reduce Violent Crime and Promote Public Safety

Goal IV: Promote Rule of Law, Integrity, and Good Government

MISSION

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

LOCATION

The Department is headquartered in Washington, DC, at the Robert F. Kennedy Building, occupying a city block bounded by 9th and 10th Streets and Pennsylvania and Constitution Avenues, NW. The Department also has field offices in all states and territories and maintains offices in over 100 countries worldwide.

COMPONENT ORGANIZATIONS

Attorney General
Deputy Attorney General
Associate Attorney General
Antitrust Division (ATR)
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
Bureau of Prisons (BOP)
Civil Division (CIV)
Civil Rights Division (CRT)
Community Oriented Policing Services (COPS)
Community Relations Service (CRS)
Criminal Division (CRM)
Drug Enforcement Administration (DEA)
Environment & Natural Resources Division (ENRD)
Executive Office for Immigration Review (EOIR)
Executive Office for Organized Crime Drug Enforcement Task Forces (OCDETF) Executive
Office for U.S. Attorneys (EOUSA) Executive
Office for U.S. Trustees (UST) Federal Bureau of
Investigation (FBI)
Foreign Claims Settlement Commission (FCSC)
INTERPOL Washington
Justice Management Division (JMD)
National Security Division (NSD)
Office of Information Policy (OIP)
Office of Legal Counsel (OLC)
Office of Legal Policy (OLP)
Office of Legislative Affairs (OLA)
Office of the Inspector General (OIG)
Office of the Pardon Attorney (OPA)
Office of Justice Programs (OJP)
Office of Professional Responsibility (OPR)
Office of Public Affairs
Office of the Solicitor General (OSG)
Office of Tribal Justice (OTJ)
Office on Violence Against Women (OVW)
Professional Responsibility Advisory Office (PRAO)
Tax Division (TAX)
U.S. Attorneys Offices (USAO)
U.S. Marshals Service (USMS)
U.S. Parole Commission (USPC)

U.S. DEPARTMENT OF JUSTICE

FY 2020
Agency Financial
REPORT

November 2020

Office of the Attorney General
Washington, D.C. 20530

November 17, 2020

A MESSAGE FROM THE ATTORNEY GENERAL

The most basic function of government is to protect its citizenry and the public servants who are part of the Department of Justice take this mission seriously. For that reason, it is my high honor and privilege to lead this Department for the second time in my career.

Like the rest of the nation and federal government, the Justice Department faced unprecedented challenges in 2020 as a result of the COVID-19 pandemic. When protective measures, lockdowns and other restrictions were implemented in March, federal employees across the country were ordered into a maximum telework posture.

However, the Department and its law enforcement operations, and particularly our corrections and detention operations at the Bureau of Prisons (BOP) and U.S. Marshals Service (USMS), continued uninterrupted. Across our components, agents, analysts, attorneys and the entire cadre of DOJ employees worked successfully throughout the pandemic in the office, in the field, and remotely to maintain our critical operations.

Among our many accomplishments, I am proud to report that the nationwide violent crime rate decreased between 2017 and 2019, and the total number of violent crimes has shrunk when compared to 2010. This year, the Department has undertaken a wide variety of public safety initiatives, including Operation Legend, which surged federal resources to American cities to help state and local officials fighting violent crime, and Project Guardian, which bolstered the Department's commitment to investigating, prosecuting, and combatting gun crimes.

Despite the challenges of COVID-19 and its impact on the criminal justice process, more than 14,200 individuals were charged with firearm-related crimes in fiscal year 2020. In addition, the Department created its first ever- domestic violence working group and charged more than 500 domestic violence firearms cases in the last fiscal year. We also continued to implement measures that protect our elderly from abuse and fraud, bolster national security and cyber security, address the opioid crisis, end human trafficking and the exploitation of children, and disrupt the production and distribution of illicit drugs. The outcome of all of these initiatives

– and many more – are criminals behind bars, the protection for our most vulnerable populations, and safer streets in nearly every community.

Finally, since January 2020, the Justice Department's Office of International Affairs with the assistance of the U.S. Marshals Service, FBI, and DEA has secured the return of 294 fugitives from over 40 countries around the world to the United States who were wanted for violent crimes, child sexual exploitation, national security and narcotics offenses and financial fraud crimes against Americans. Additionally, since January 2020, the United States returned 29 criminal fugitives to more than a dozen countries. This is a tremendous accomplishment during a global pandemic.

In accordance with the Reports Consolidation Act of 2000 and guidance of the Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, we have prepared the FY 2019 Department of Justice's Agency Financial Report (AFR). The AFR contains the Department's audited consolidated financial statements, as required under the Chief Financial Officers Act of 1990, as amended (CFO Act), the Government Management Reform Act of 1994 (GMRA), and the Accountability of Tax Dollars Act of 2002 (ATDA). The AFR also contains a statement of assurance regarding internal control over operations, reporting, and compliance, as required by the Federal Managers' Financial Integrity Act (FMFIA).

In FY 2020, the Department earned an unmodified, i.e., "clean," audit opinion on our consolidated financial statements for the seventeenth straight year. While we continue as a Department to demonstrate noteworthy progress, we are committed to pursuing actions to correct areas where we have deficiencies.

The Department's assessment of risk and internal control in FY 2020 was conducted in accordance with OMB Circular A-123. Based on the results of the assessment, we provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2020.

The financial and performance data presented in this report are complete and reliable. The projects described within demonstrate the Department's ongoing commitment to protecting the American public. We are encouraged by our achievements, and remain dedicated to safeguarding our nation's interests, ending the opioid crisis once and for all, fighting violent and non-violent crime, and protecting the most vulnerable members of our population.

WPBarr

William P. Barr
Attorney General

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Section II: Financial Section (continued)

Section III: Management Section

Appendices

AFR Introduction (Unaudited)

Purpose of Report and Reporting Process

The Agency Financial Report (AFR) is the Department of Justice's (DOJ or the Department) principal report conveying to the President, Congress, and the American public its commitment to sound financial management and stewardship of public funds. The AFR reports on the agency end-of-fiscal-year financial position and results that include, but are not limited to, financial statements, notes to the financial statements, and reports of the independent auditors, as well as a performance summary.

The Department's AFR is prepared under the direction of the Department's Chief Financial Officer (CFO). The financial statements contained within this report are prepared by the Department's Justice Management Division, Finance Staff, and audited by an independent public accounting firm under the direction of the Office of the Inspector General (OIG). These financial statements for FY 2020 and FY 2019 report on all accounts and associated activities of each office, bureau, and the Department.

The Department continues to enforce vigorously the broad spectrum of laws of the United States; notably, enhancing national security and the fight against terrorism continues to be the highest priority of the Department. The Department's current Strategic Plan for FYs 2018-2022 is available electronically at https://www.justice.gov/jmd/page/file/1071066/download. The Strategic Plan includes four strategic goals and related objectives, which are referred to throughout this report.

Organization of the Report

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

Section II – Financial Section: This section includes OIG's Commentary and Summary on the Department's FY 2020 Annual Financial Statements, the Independent Auditors' Report and the Department's consolidated financial statements and related notes.

Section III – Management Section: This section includes the OIG-identified Top Management and Performance Challenges Facing the Department of Justice and the Department of Justice's response to those challenges.

Appendices: This section includes (A) Payment Integrity Information Act Reporting; (B) Acronyms; and (C) Department Component Websites.

This report is available at https://www.justice.gov/doj/fy-2020-agency-financial-report

Compliance with Legislated Reporting Requirements

This report meets the following legislated reporting requirements:

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

Federal Managers' Financial Integrity Act of 1982 (FMFIA) – Requires federal agencies to annually report on the effectiveness of internal control over operations, reporting, and compliance and whether agency financial management systems comply with government-wide requirements

Government Performance and Results Act of 1993 (GPRA) and GPRA Modernization Act of 2010 (GPRAMA) – Requires performance reporting against all established agency goals outlined in current strategic planning documents

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

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

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

Payment Integrity Information Act of 2019 (PIIA) – Requires reporting on agency fraud reduction efforts and actions taken to address recommendations from recovery audit contractors

SECTION I

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

Section I Management's Discussion and Analysis (Unaudited)

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

Mission

The mission of the Department of Justice, as reflected in the Strategic Plan for fiscal years (FY) 2018-2022 is as follows:

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

In carrying out the Department's mission, we are guided by the following core values:

Equal Justice Under Law. Upholding the laws of the United States is the solemn responsibility entrusted to DOJ by the American people. The Department enforces these laws fairly and uniformly to ensure that all Americans receive equal protection and justice.

Honesty and Integrity. DOJ adheres to the highest standards of ethical behavior, cognizant that, as custodians of public safety, its motives and actions must be above reproach.

Commitment to Excellence. The Department seeks to provide the highest levels of service to the American people. DOJ is an effective and responsible steward of taxpayers' dollars.

Respect for the Dignity and Worth of Each Human Being. Those who work for the Department treat each other and those they serve with fairness, dignity, and compassion. They value differences in people and ideas. They are committed to the well-being of employees and to providing opportunities for individual growth and development.

Strategic Goals and Objectives

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle.

This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's FY 2018 – 2022 Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. The Strategic Plan is available electronically on the Department's website at:
https://www.justice.gov/jmd/page/file/1071066/download.

The table below provides an overview of the Department's FY 2018 - 2022 strategic goals and objectives.

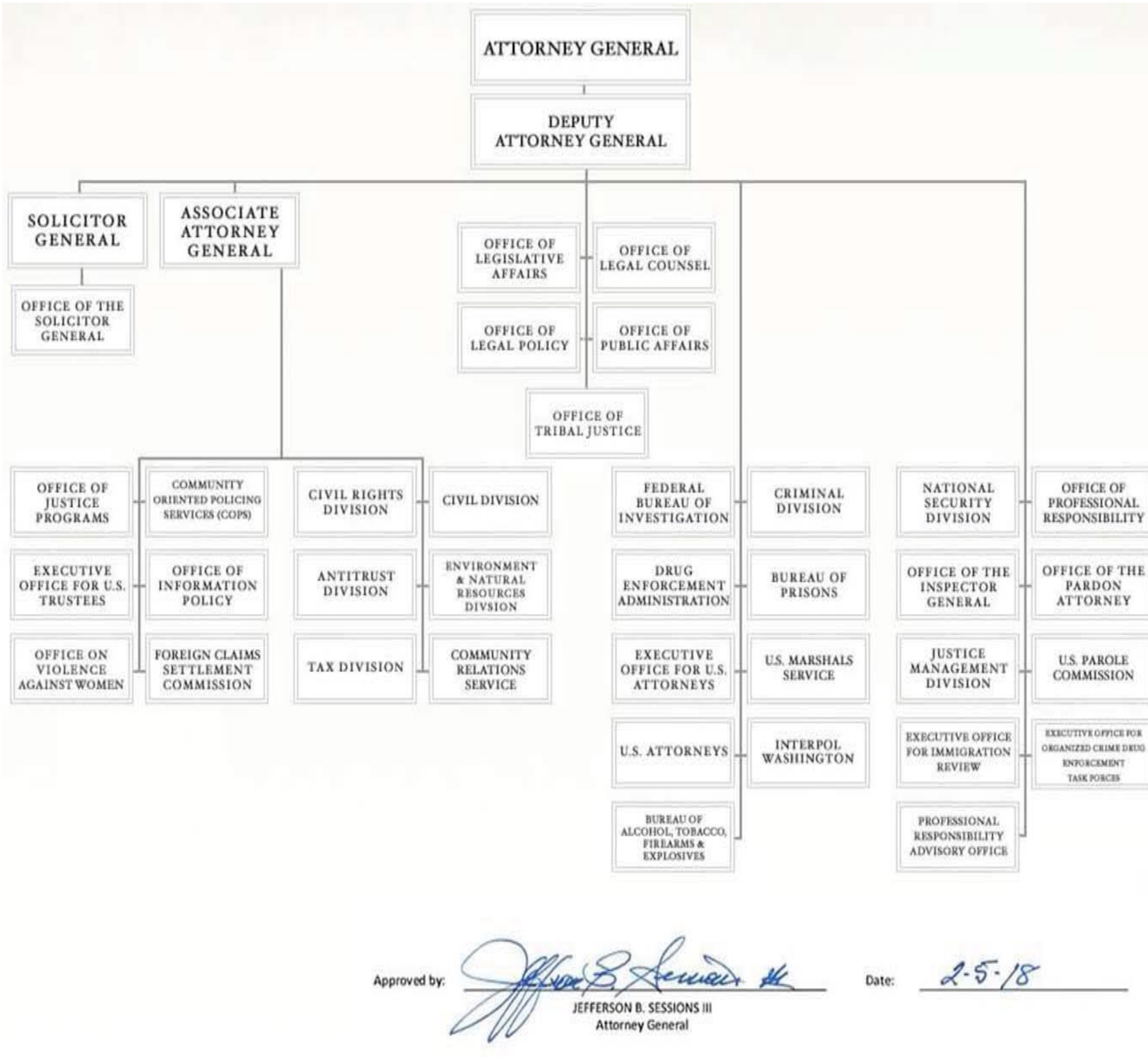
Strategic Goal		Strategic Objectives
1	Enhance National Security and Counter the Threat of Terrorism	1.1 Disrupt and defeat terrorist operations 1.2 Combat cyber-based threats and attacks 1.3 Combat unauthorized disclosures, insider threats, and hostile intelligence activities
2	Secure the Borders and Enhance Immigration Enforcement and Adjudication	2.1 Prioritize criminal immigration enforcement 2.2 Ensure an immigration system that respects the rule of law, protects the safety of U.S. Citizens and serves the national interest
3	Reduce Violent Crime and Promote Public Safety	3.1 Combat violent crime, promote safe communities, and uphold the rights of victims of crime 3.2 Disrupt and dismantle drug trafficking organizations to curb opioid and other illicit drug use in our nation
4	Promote Rule of Law, Integrity, and Good Government	4.1 Uphold the rule of law and integrity in the proper administration of justice 4.2 Defend first amendment rights to exercise religion and free speech 4.3 Pursue regulatory reform initiatives 4.4 Achieve management excellence

Organizational Structure

Led by the Attorney General, the Department is comprised of forty separate component organizations. There are over 115,000 employees who ensure that the individual component missions, and the overarching Department goals, are carried out. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Service (USMS), which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Federal Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), and Tax (TAX) Divisions. The Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to state, local, and tribal governments. Other major Departmental components include the Executive Office for U.S. Trustees (UST), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the Office of the Inspector General (OIG), and several offices that advise the Attorney General on policy, law, legislation, tribal justice matters, external affairs, and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

U.S. DEPARTMENT OF JUSTICE



Financial Structure

The Department's financial reporting structure is comprised of nine principal components.

Components:

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

***OBDs**

Offices

Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
Executive Office for Organized Crime
Drug Enforcement Task Forces
INTERPOL Washington
Office of Community Oriented Policing Services
Office of Information Policy
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office of Tribal Justice
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys

Boards

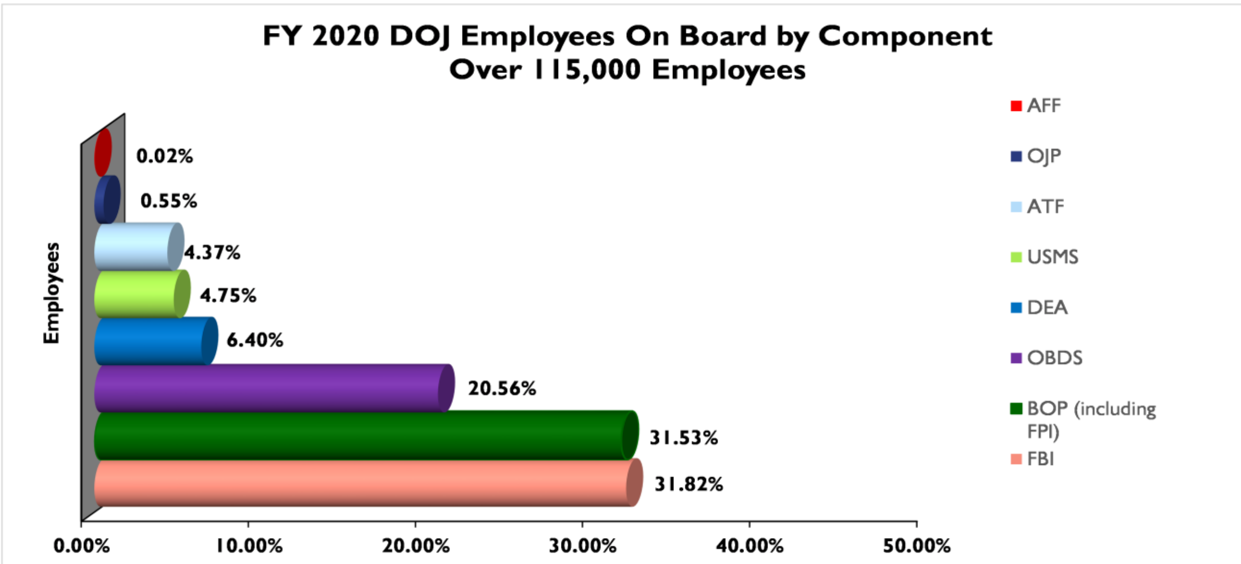
Foreign Claims Settlement Commission
U.S. Parole Commission

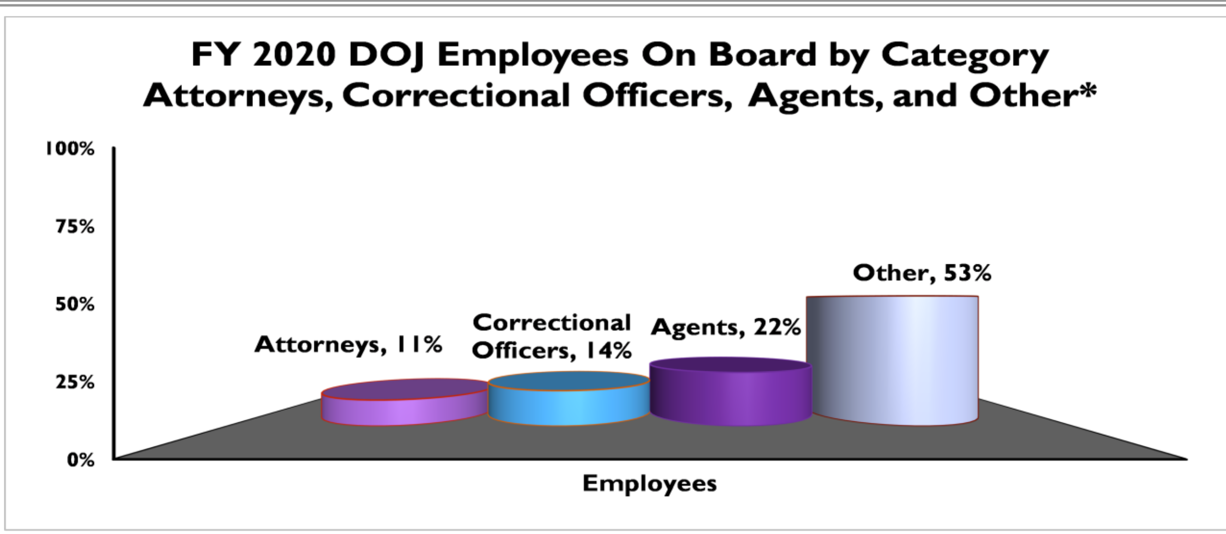
Divisions

Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

FY 2020 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2020. The charts on this page reflect employees on board as of September 30, 2020.





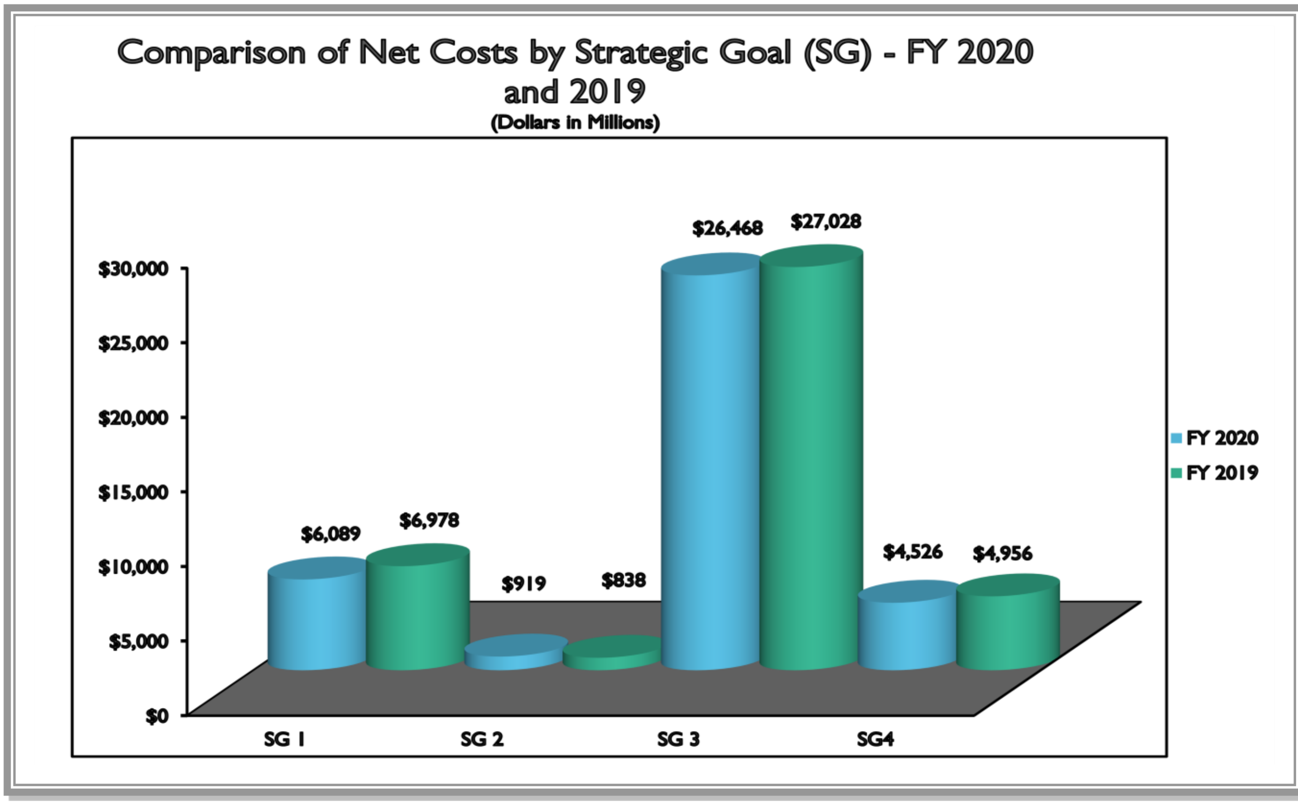
*"Other" includes pay class categories such as paralegals, intelligence analysts, financial managers, procurement officers, evidence technicians, and security specialists.

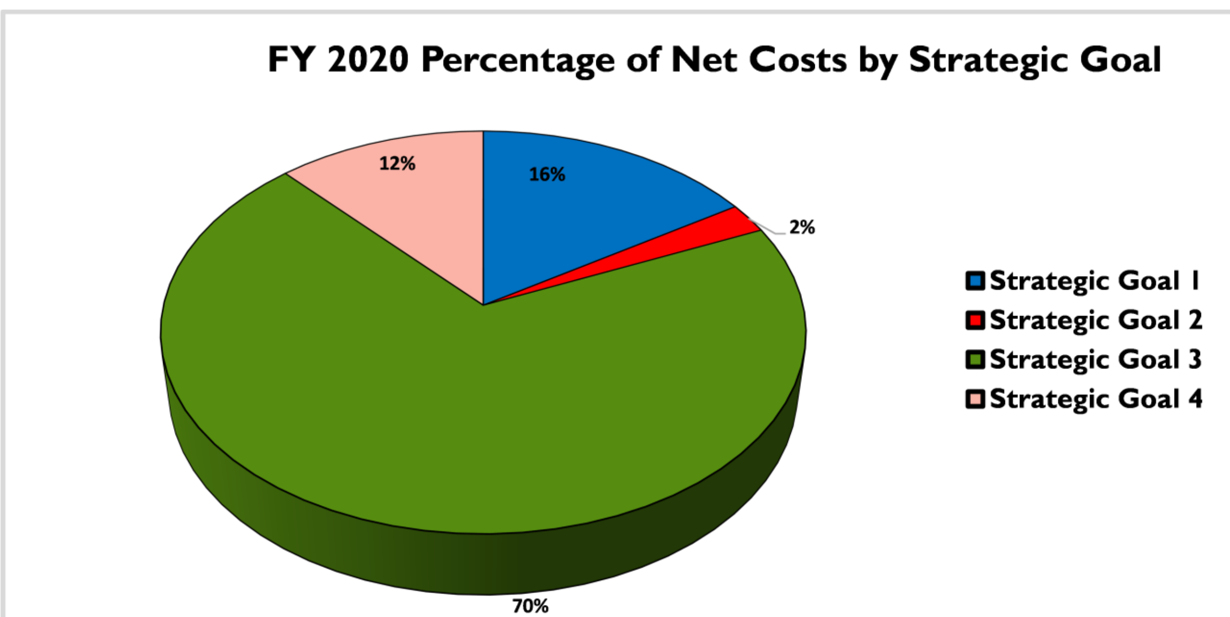
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2020	FY 2019	% Change
Earned Revenue:	**$ 3,138,967**	**$ 2,999,584**	**4.65%**
Budgetary Financing Sources:			
Appropriations Received	33,762,221	31,354,708	7.68%
Appropriations Transferred-In/Out	948,064	970,698	(2.33%)
Nonexchange Revenues	583,068	909,202	(35.87%)
Donations and Forfeitures of Cash and Cash Equivalents	1,179,995	2,515,615	(53.09%)
Transfers-In/Out Without Reimbursement	(78,954)	(119,250)	(33.79%)
Other Adjustments	(216,607)	(1,071,565)	(79.79%)
Other Financing Sources:			
Donations and Forfeitures of Property	565,757	360,258	57.04%
Transfers-In/Out Without Reimbursement	(592)	1,554	(138.10%)
Imputed Financing	819,489	1,051,358	(22.05%)
Other Financing Sources	(14,725)	(10,903)	35.05%
Total DOJ Resources	**$40,686,683**	**$38,961,259**	**4.43%**

Table 2. How DOJ Resources Are Spent
(Dollars in Thousands)

Strategic Goal	FY 2020	FY 2019	% Change
1 Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	$ 6,365,080	$ 7,240,160	
Less: Earned Revenue	276,055	262,247	
Net Cost	6,089,025	6,977,913	(12.74%)
2 Secure the Borders and Enhance Immigration Enforcement and Adjudication			
Gross Cost	934,048	854,003	
Less: Earned Revenue	15,490	16,215	
Net Cost	918,558	837,788	9.64%
3 Reduce Violent Crime and Promote Public Safety			
Gross Cost	28,275,948	28,862,189	
Less: Earned Revenue	1,807,478	1,833,799	
Net Cost	26,468,470	27,028,390	(2.07%)
4 Promote Rule of Law, Integrity, and Good Government			
Gross Cost	5,566,022	5,843,575	
Less: Earned Revenue	1,039,944	887,323	
Net Cost	4,526,078	4,956,252	(8.68%)
Total Gross Cost	**41,141,098**	**42,799,927**	
Less: Total Earned Revenue	**3,138,967**	**2,999,584**	
Total Net Cost of Operations	**$38,002,131**	**$39,800,343**	**(4.52%)**





Goal 1: Enhance National Security and Counter the Threat of Terrorism
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication
Goal 3: Reduce Violent Crime and Promote Public Safety
Goal 4: Promote Rule of Law, Integrity, and Good Government

Limitations of the Financial Statements

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

The statements have been prepared from the books and records of the Department in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by the OMB. Reports used to monitor and control budgetary resources are prepared from the same records.

Users of the statements are advised that the statements are for a component of the U.S Government.

Analysis of Financial Statements

The Department's financial statements, which are provided in Section II of this document, received an unmodified audit opinion for the fiscal years ended September 30, 2020 and 2019. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2020. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section II of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2020, shows $51.5 billion in total assets, a decrease of $4.3 billion over the previous year's total assets of $55.8 billion. The decrease was primarily due to payments made to Crime Victims Fund (CVF) claimants and lower short term yields in overnight securities. Fund Balance with Treasury (FBWT) was $34.1 billion, which represented 66.2% of total assets.

Liabilities: Total Department liabilities were $17.2 billion as of September 30, 2020, a decrease of $3.8 billion from the previous year's total liabilities of $21.0 billion. The United States Victims of State Sponsored Terrorism Act Fund (USVSSTF) collections decreased by $1.0 billion in FY 2020. The Victims Compensation Fund (VCF) liability decreased by $1.3 billion due to increase in claim payments in FY 2020, and a decrease in claims awaiting an award decision compared to FY 2019. Also, in FY 2020, custodial collections decreased by $0.8 billion.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled $38.0 billion for the fiscal year ended September 30, 2020, a decrease of $1.8 billion from the previous year's net cost of operations of $39.8 billion. The decrease is primarily attributed to a decrease $1.1 billion of USVSSTF payments in FY 2020 that were accrued for in FY 2019.

Budgetary Resources: The Department's FY 2020 Combined Statement of Budgetary Resources shows $56.1 billion in total budgetary resources, a decrease of $0.2 billion from the previous year's total budgetary resources of $56.3 billion.

Net Agency Outlays: The Department's FY 2020 Combined Statement of Budgetary Resources shows $40.4 billion in net agency outlays, an increase of $2.9 billion from the previous year's total net agency outlays of $37.5 billion. The increase is primarily due to the overall increase in spending authority for the Department's operations from 36.7 billion in FY 2019 to $40.0 billion in FY 2020. Additionally, in FY 2020, $1.0 billion of Coronavirus Aid, Relief, and Economic Security (CARES) Act supplemental appropriations funding was made available to the Department.

Summary of Performance Information

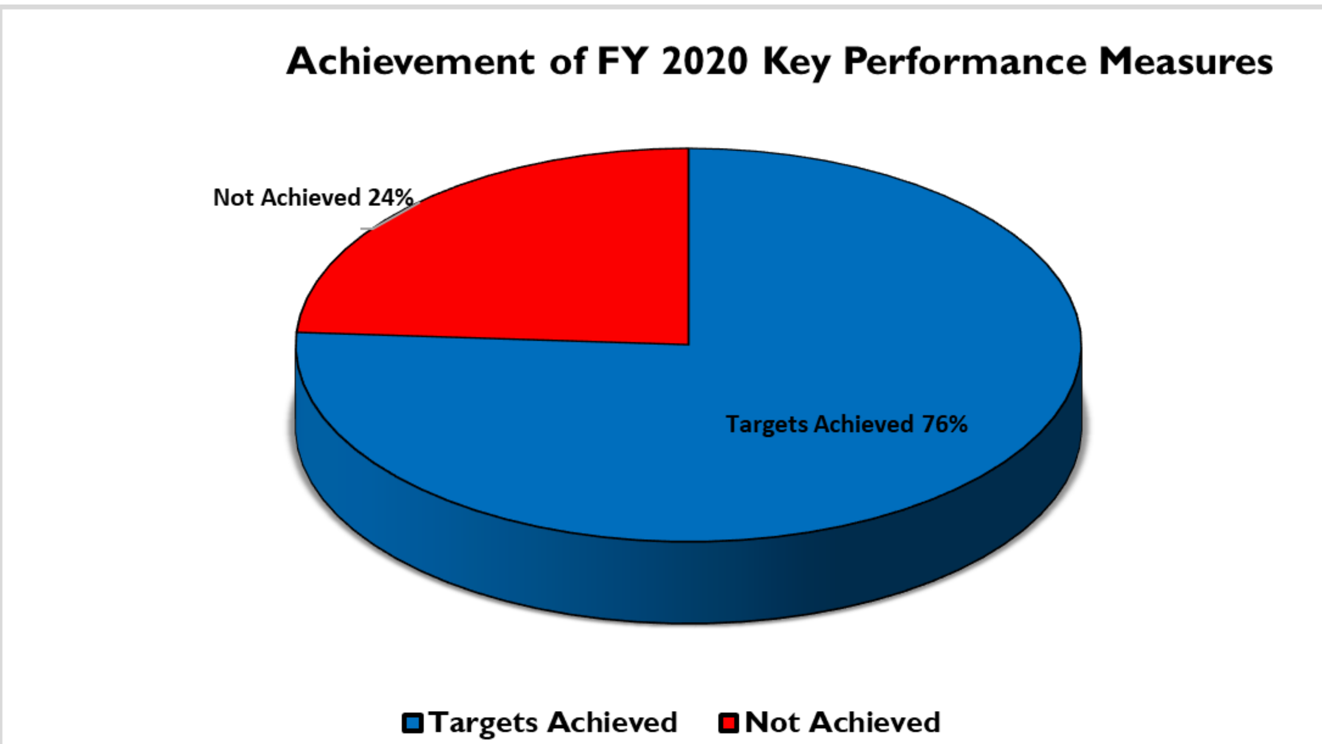
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2018-2022 Strategic Plan, which contains four strategic goals, is used for this report. The Department's Plan includes 39 key performance measures addressing DOJ's priorities toward achieving its long-term outcome goals. The performance measures are summarized in this document. The Department's full Performance Report for these measures will be discussed in the Department's FY 2020 Annual Performance Report/FY 2022 Annual Performance Plan and submitted with the President's Budget in February 2021. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2020, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this summary report, 87 percent of the performance measures have actual data for FY 2020. The Department achieved 76 percent of its key measures that had data available as of September 30, 2020. For some of the performance measures, the actual data will not be available until later in calendar year 2020 or early 2021. The Department continues to emphasize long-term and annual performance measure development, placement of key performance indicators on cascading employee work plans, and Department-wide quarterly status reporting.

The chart below and the table that follows summarize the Department's achievement of its FY 2020 long-term outcome goals (key performance measures).



1.1	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	90%
1.1	Number of assistance activities conducted with the goal of building the capacity of foreign law enforcement, prosecutors, and judicial systems to disrupt and dismantle terrorist actions and organizations [CRM]	850
1.2	Number of computer intrusion program deterrences, detections, disruptions and dismantlements [FBI]	8,000
1.2	Percentage of cyber defendants whose cases were favorably resolved [NSD, USA, CRM]	90%
1.3	Number of counterintelligence program disruptions and dismantlements [FBI]	400
1.3	Percentage of espionage defendants whose cases were favorably resolved [NSD]	90%
Strategic Objective	**Strategic Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication**	
2.1	Percentage of criminal immigration dispositions that are successfully resolved [USA]	90%
2.1	Percentage of federal denaturalization of dispositions that are successfully resolved [USA, CIV]	80%
2.2	Percentage of criminal immigration-related benefits fraud dispositions that are successfully resolved [USA]	90%
2.2	Percentage of employer sanctions, immigration-related unfair employment practices, and immigration-related document fraud cases completed within the established timeframe [EOIR]	90%
2.2	Percentage of Immigration and Nationality Act (INA) Section 274B Protecting U.S. Workers Initiative discriminatory or unlawful hiring practice enforcement actions successfully resolved [CRT]	75%
2.2	Clearance rate for detained and non-detained cases [EOIR]	55%

	U.S. Department of Justice Key Performance Measures by Strategic Goal that MUST be Included In Component MD&A [] Designates the reporting entity	FY 2020 Target	FY 2020 Actual	Target Achieved/ Not Achieved
	Strategic Goal 3: Reduce Violent Crime and Promote Public Safety			
3.1	Percentage of federal violent crime defendants whose cases were favorably resolved [USA, CRM]	90%	92.1%	Target Achieved
3.1	Number of National Integrated Ballistic Information Network (NIBIN) "hits/leads" that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from crime scenes and from gun test-fires [ATF]	88,000	110,981	Target Achieved
3.1	Number of victims of a violent crime that receive services through the Victim Assistance Program [OJP]	5,000,000	TBD*	TBD
3.1	Percentage of extraditions received related to violent criminals [CRM]	20%	28.8%	Target Achieved
3.1	Percentage increase of non-Consolidated Priority Organization Targets (non-CPOT) gang/criminal enterprise dismantlements [FBI]	15%	-6%**	Not Achieved
3.1	Reduce violent crime [Department-wide] (Reporting Cycle Calendar Year (CY) : 2019)	-2%	-1%	Not Achieved
3.1	Stop and reverse rise in homicides [Department-wide] (Reporting Cycle CY : 2019)	-3%	0.2%	Not Achieved
3.2	Reduce drug overdose deaths [Department-wide] (Reporting Cycle CY : 2019)	-8%	5.4%***	Not Achieved
3.2	Reduce opioid prescriptions [Department-wide]	-30%	-37.2%	Target Achieved
3.2	Number of disruptions and dismantlements of Drug Trafficking Organizations (DTOs) linked to CPOTs [OCDETF]	285	TBD*	TBD
3.2	Number of disruptions and dismantlement's of Drug Trafficking Organizations (DTOs) not linked to Consolidated Priority Organization Targets (CPOTs) [DEA]	1,533	1,635	Target Achieved
3.2	Number of disruptions and dismantlements of DTOs linked to CPOTs (FBI)	70	87	Target Achieved
3.2	Number of scheduled diversion investigations completed [DEA]	1,357	1,267	Not Achieved
3.2	Number of CPOT-linked investigations with one or more defendants convicted [OCDETF]	320	334	TBD

	U.S. Department of Justice Key Performance Measures by Strategic Goal that MUST be Included In Component MD&A **[]** Designates the reporting entity	FY 2020 Target
Strategic Objective	**Strategic Goal 4: Promote Rule of Law, Integrity, and Good Government**	
4.1	Percentage of illicit market defendants whose cases were favorably resolved [CRM, USA]	85%
4.1	Percentage of Office of Professional Responsibility (OPR) inquiries resolved within one year, and investigations within two years [OPR]	Inquiries = 50% Investigations = 50%
4.2	Increase the number of statements of interest involving First Amendment or religious liberty [CRT]	10%
4.2	Increase the number of Religious Land Use and Institutionalized Persons Act (RLUIPA) matters opened [CRT]	10%
4.3	Ratio of deregulatory actions to regulatory actions [OLP]	2 to 1
4.3	Cost of regulations per fiscal year is below OMB cost cap [OLP]	$0.00
4.4	Ethics training for DOJ employees conducted by the Departmental Ethics Office (DEO) [JMD/DEO] and the timely review of financial disclosures [JMD/DEO]"	Training = 100% Disclosures = 100%
4.4	Time-to-hire Mission Critical Occupations (MCOs) (average number of days) [JMD/HRA]	169 days
4.4	Percentage of unmodified audit opinions achieved [JMD/Controller]	100%
4.4	Number of DOJ systems moved to the Cloud [JMD/OCIO]	3

*The final Actual figure will be available at a later date.
**The Actual figure for non-CPOT gang/criminal enterprise dismantlements [FBI] represents the difference between the number of dismantlements targeted for FY 2020 (227) and the total number of dismantlements achieved (185).
*** The Actual figure is preliminary data.

FY 2020 – 2021 Priority Goals

Federal agencies are required to identify a limited number of Priority Goals that are considered priorities for both the Administration and the agency, have high relevance to the public or reflect the achievement of key agency missions, and would produce significant results over a 12 to 24 month timeframe. The Priority Goals represent critical elements of a federal agency's strategic plan and are linked to the larger DOJ policy framework and strategic plan goals.

The Priority Goals align with the FY 2018-2022 Strategic Plan, and are reported on a quarterly basis via OMB MAX Performance Page. The FY 2020-2021 Priority Goals are:

<u>Priority Goal 1, Combat Cyber-Enabled Threats and Attacks:</u>

Cybercrime is one of the greatest threats facing our country, and has enormous implications for our national security, economic prosperity, and public safety. The range of threats and challenges cybercrime presents for law enforcement expands just as rapidly as technology evolves. By September 30, 2021, the Department of Justice will combat cybercrime threats and attacks by conducting 16,000 computer intrusion program deterrences, detections, disruptions and dismantlements; favorably resolving 90 percent of prosecutions of cyber defendants; and increasing the percentage of private sector losses recovered by the FBI's Internet Crime Complaint Center (IC3). The results from FY 2018 (73%) currently serve as a baseline for the Department's new IC3 measure.

Status: The FY 2020 – 2021 Combat Cyber-Enabled Threats and Attacks Priority Goal tracks three performance measures. Each measure has quarterly and annual targets. All measures have exceeded their annual targets for FY 2020.

The FBI exceeded its annual target (8,000) for FY 2020 – successfully deterring, detecting, disrupting or dismantling a total of 15,427 computer intrusion programs this fiscal year. The FBI exceeded its annual target by 93 percent.

The Department exceeded its target of favorably resolving at least 90 percent of its cyber defendants' cases, by successfully resolving each of its prosecutions of 105 cyber defendants, in FY 2020. Cyber cases tend to involve other related criminal conduct under which the matter could be coded in the Executive Office for U.S. Attorneys' case management database. U.S. Attorneys will continue to individually assess each case brought for criminal prosecution in a manner that promotes the ends of justice.

In May 2000, the FBI officially established the Internet Crime Complaint Center (IC3). In FY 2019, the IC3 began reporting on the percentage of private sector losses they recovered. The purpose of this new metric is to capture data that measures IC3's ability to recover private sector losses.

For FY 2020, the FBI's IC3 exceeded its annual target (77%) by successfully recovering 85 percent of private sector losses this fiscal year – 11% higher than the projected target. The successful outcome was due to prompt reporting by victims, and the collaborative established relationships with financial institutions.

Priority Goal 2, Violent Crime Reduction, Specifically Gun Violence:

Strengthen and recommit our efforts to reduce gun violence through the launch of Project Guardian. By September 30, 2021, the Department will provide to state law enforcement fusion centers biweekly reports 100 percent of the time on NICS denials that are reported to ATF, and increase the number of USAO federal firearms prohibitor records submitted to NICS by 10 percent.

Milestones: As part of Project Guardian, the United States Attorneys, in consultation with the ATF Special Agent in Charge (SAC) in their Districts, will complete certain activities by September 30, 2020 and others by September 30, 2021.

Status: The FY 2020 – FY 2021 Violent Crime, Specifically Gun Violence Priority Goal tracks two performance measures and key milestones, as part of the Department's Project Guardian Initiative. Both of the measures have met its annual target for FY 2020.

Biweekly reports on National Instant Criminal Background Check System (NICS) denials to state law enforcement fusion centers 100 percent of the time is a new performance measure, that is reported by the ATF, both quarterly and annually. The FY 2020 target (50%), is based on the modernization and operational improvements scheduled to be complete by the end of fiscal year. The ATF is expected to provide biweekly reports on NICS denials 100 percent of the time by FY 2021.

For FY 2020, the ATF reported that biweekly reports on NICS denials were provided to state law enforcement fusion centers 50 percent of the time, throughout the fiscal year. The ATF met its annual target (50%) for this measure.

The number of USAO federal firearms prohibitor records submitted to NICS is also a new performance measure that is reported by the USAO, both quarterly and annually. To achieve a 10 percent increase in the number of USAO records submitted to NICS by the end of FY 2021, the Department will work towards a 5% increase, each fiscal year.

For FY 2020, the number of USAO records uploaded to NICS increased by 5.4 percent - exceeding the annual target (5%). From October 1, 2019 to September 30, 2020, the total number of USAO records uploaded to NICS increased from 1,355,401 to 1,428,946. Though, the COVID-19 pandemic has impacted the activities of the USAOs, and therefore the Department's ability to reach some of its quarterly targets, the USAOs were able to increase the overall number of records submitted to NICS and successfully exceed its annual target.

As part of Project Guardian, the United States Attorneys, in consultation with the ATF Special Agent in Charge (SAC) in their Districts, will complete certain activities by September 30, 2020 and others by September 30, 2021. The Department completed most of its milestone activities, as part of Project Guardian, by February 4, 2020. The COVID-19 pandemic has impacted the remaining activities.

- Each USA had appointed a Project Guardian Point of Contact.
- Each USA had consulted with ATF regarding these prosecution guidelines.
- Each USA had developed a Project Guardian plan.
- USAOs met with local ATF offices to devise or review existing plans to maximize crime-gun technology and fully exploit crime-gun intelligence within the USAOs' districts.
- Each USA had consulted with relevant district stakeholders to assess the feasibility of adopting a disruption and early engagement program.

One of the Department's key strategies in reducing gun violence is a coordinated response to mental health denials. As part of the strategy, each U.S. Attorney's Office was supposed to consult with relevant district stakeholders, including ATF and state or local law enforcement and mental health departments, to assess the feasibility of adopting disruption and early engagement programs or other methods or protocols designed to address mental-health-prohibited individuals who attempt to acquire a firearm and to counter the threat of mass shootings.

COVID-19 has impacted progress in implementing disruption and early engagement programs. While every USAO has "assessed," at least preliminarily, the feasibility of adopting disruption and early engagement programs, the COVID-19 crisis has sidetracked the ability of USAOs to progress with further planning. At least one USAO had a productive meeting with stakeholders early in 2020, and were on track to develop some sort of local disruption and early engagement initiative, but the USAO has not been able to meet again since maximum teleworking began in March 2020. Other USAOs were hoping to learn more about disruption and early engagement programs at the National Project Safe Neighborhood (PSN) Conference, originally set for April 2020, and had expected to further assess the feasibility of setting up these programs after obtaining additional information at the conference. The PSN Conference, which would have highlighted disruption-and-early-engagement programs, was postponed indefinitely. However in 2020, the Department launched a page on DOJ Book, which the Office of Legal Education maintains, addressing these programs at https://dojnet.doj.gov/usao/eousa/ole/tables/subject/shooter.htm. The information and resources on this page – which provide a template for setting up these programs, briefings on the programs, and analyses that support them – are available to all USAOs and DOJ components.

Priority Goal 3, Combat the Opioid Crisis:

The opioid epidemic affects a broad cross-section of the United States population without regard for age, gender, race, ethnicity, or economic status. Communities across the United States, including those in rural, suburban, and urban jurisdictions, have been hit by the opioid epidemic. By September 30, 2021, the Department of Justice will reduce illicit opioid overdoses by: increasing the percentage of opioid-related Priority Target Organizations (PTOs) disrupted and dismantled by 3% as compared to the FY 2019 baseline (35.7%); increasing the percentage of opioid-related PTO investigations initiated by 3% as compared to the FY 2019 baseline (39.2%); increasing the number of diversion criminal cases initiated by 3% as compared to the FY 2019 baseline (1,725); and increasing the number of training, outreach and public education events completed by 34% as compared to the FY 2019 baseline (3,125).

Status: The FY 2020 – FY 2021 Combat the Opioid Crisis Priority Goal tracks four performance measures and key milestones, as part of the Department's goal to reduce drug overdose deaths. All of the measures report progress towards the annual goal. Due to the COVID-19 pandemic and the federal, state and local guidelines put in place, the Department has only met one of its four quarterly targets for FY 2020.

Sensitive law enforcement operations typically involve close, publicly-based activities that the COVID-19 pandemic has temporally affected, and therefore, second and third quarters performance for certain metrics have also been impacted. As law enforcement operations have been significantly impacted by the COVID-19 pandemic, there has been a reduction in the overall number of cases initiated due to the pandemic, and therefore the number of diversion criminal cases initiated and opioid related investigations have been similarly affected and reduced. However, the DEA have spent the past few months evaluating how to best move the investigations forward and has pivoted to alternate methods where feasible and appropriate, such as conducting scheduled, regulatory investigations virtually. Due in part to these adaptations, the Department anticipates that it will meet all but one of its year-end targets.

The Department's outreach effort necessitates many interactive, publically based activities (meetings, presentations, trainings, etc.). Due to the COVID-19 pandemic, and in accordance with social distancing guidelines, several outreach events have been postponed. While some events, especially those conducted at the Headquarters level, are capable of being administered virtually, not all events can be done in this manner at this time. In particular, many of the DEA's outreach efforts are done through partnerships between the field offices and local or state entities. Due to state and local COVID-19 guidelines, the majority of these engagements have been cancelled. The performance for this metric have been directly affected.

Additionally, DEA has seen a surge in methamphetamine in the United States, with some areas impacted more heavily. In those areas, the outreach efforts have been more focused on methamphetamine, rather than opioids, as that has been driving overdose deaths in the area. Therefore, the performance for this metric have been directly affected.

For FY 2020, the Department exceeded its annual target (36.2%) for Opioid-related PTOs disrupted and dismantled. DEA increased its overall sum of disruption and dismantlements of Opioid-related PTOs by 38.8 percent in FY 2020. DEA reports 796 of 2,065 PTO disruptions and dismantlements for FY 2020 were opioid related. Percentage of disruptions and dismantlements of Opioid-related PTOs is a new performance measure, established in FY 2020. The intent of this measure is to increase the overall sum of disruptions and dismantlements of PTOs each fiscal year.

For FY 2020, the Department achieved 94 percent of its annual target for Opioid-related PTO investigations initiated, mostly due to the COVID-19 pandemic. DEA reports 736 of 1,970 PTO investigations initiated for FY 2020 were Opioid-related. The Department's Percentage of Opioid PTOs investigations initiated is a new performance measure established in FY 2020.

For FY 2020, DEA initiated a total of 1,515 Diversion Criminal Cases – 87 percent of the annual target (1,750) due to the COVID-19 pandemic.

For FY 2020, the Department completed 2,228 outreach and public education events – 60 percent of the annual target (3,700). As discussed above, the COVID-19 pandemic has had a large impact on this target.

Priority Goal 4, Prevent and Disrupt Transnational Elder Fraud:

Reduce the impact of transnational fraud schemes on older Americans. Through increased disruption and coordination among government and private stakeholders, and outreach to older Americans, the Department of Justice and its law enforcement partners will reduce the devastating effects of transnational elder fraud schemes. By September 30, 2021, 90% of the U.S. Attorney's Offices (USAOs) will file an elder fraud case or take other action to disrupt elder fraud and 100% of the USAOs will conduct elder fraud outreach. The Department will conduct a least 375 elder fraud-related outreach events for state and/or local government officials (including law enforcement and/or protective and social services); 275 elder fraud-related outreach events with senior citizens and/or organizations representing seniors; and over 155 elder fraud-related outreach events with industry groups and/or representatives.

Status: The FY 2020 – FY 2021 Prevent and Disrupt Transnational Elder Fraud tracks five performance measures, as part of the Department's goal to reduce the impact of fraud schemes on elderly Americans. All of the measures for this priority goal are new and were established in FY 2020. The Department has exceeded all five of its annual targets for FY 2020.

For FY 2020, the Department exceeded its annual target (48%) for percentage of USAOs that filed an elder fraud case or took other action to disrupt elder fraud. For FY 2020, 79 percent of 93 USAOs filed an elder fraud case or took an action to disrupt elder fraud – exceeding its annual target and achieving 87 percent of the total (90%, or 84 USAOs) FY 2020 – 2021 APG. The intent of this measure is to increase the percentage of USAOs that file cases or take other actions to disrupt elder fraud every year.

For FY 2020, the Department exceeded its annual target (52%) for percentage of USAOs that conducted elder fraud outreach. For FY 2020, 77 percent of 93 USAOs conducted elder fraud outreach events. The percentage of USAOs conducting elder fraud outreach continued to increase each quarter. The intent of this measure is to increase the percentage of USAOs that conducted elder fraud outreach every year.

Throughout FY 2020, the Department exceeded each of its quarterly targets for number of elder fraud-related outreach events with state and/or local government officials. For FY 2020, the Department conducted a total of 595 outreach events with state and/or local governments, and has already exceeded the total FY 2020 – 2021 APG (375). The intent of this measure is to increase the number of outreach events with state and/or local government officials every year.

Throughout FY 2020, the Department exceeded each of its quarterly targets for number of elder fraud-related outreach events with seniors and/or organizations representing seniors. For FY 2020, the Department conducted a total of 578 outreach events with seniors and/or organizations representing seniors, and has already exceeded the FY 2020 – 2021 APG (275). The intent of this measure is to increase the number of seniors and and/or organizations representing seniors every year.

Throughout FY 2020, the Department exceeded each of its quarterly targets for number of elder fraud-related outreach events with industry groups and/or representatives. For FY 2020, the Department conducted a total of 256 outreach events with industry groups and/or representatives, and has already exceeded the total FY 2020 – 2021 APG (155). The intent of this measure is to increase the number of elder fraud-related outreach events with industry groups and/or representatives every year.

Analysis of Systems, Controls, and Legal Compliance

Internal Control and Enterprise Risk Management in the Department of Justice

The Department of Justice's internal control system is designed to provide reasonable assurance that the objectives of the Department will be achieved. The objectives and related risks are broadly classified into one or more of the following three categories:

- Operations - Effectiveness and efficiency of operations
- Reporting - Reliability of reporting for internal and external use
- Compliance - Compliance with applicable laws and regulations

The Department identifies internal control issues and emerging risks through a strong governance framework that consists of a network of councils, internal review teams, and business line owners. These include the Department's Senior Assessment Team; Enterprise Risk Management (ERM) Working Group; Strategic Objective Review (SOR) participants; Chief Information Officers' Council; Justice Management Division's Internal Review and Evaluation Office, Quality Control and Compliance Group, and Strategic Planning and Performance Staff; and DOJ component internal review and inspection offices. In addition, the Department considers reports issued by the OIG and GAO when assessing internal control and risks.

The Department's internal control system continues to improve through ongoing assessments and corrective actions implemented by management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced by continuing actions to establish effective controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and actions taken by Department management in response to new legislation, OMB initiatives, and OIG and GAO recommendations.

The Department's ERM program is designed to identify challenges and risks early, bring them to the attention of Department leadership, and develop mitigation strategies. In FY 2020, the Department made significant strides in integrating performance and ERM activities to foster better performance-based management and decision-making.[1] By using this integrated strategy, the Department is able to use a holistic framework to measure success, identify risks that affect the mission – both positive and negative, and create response plans to improve planning accuracy and enhance operational performance. The Department's FY 2020 Risk Profile is the result of the collective efforts of the ERM Working Group, SOR participants, and the performance community.[2] The contributors identified enterprise mission and mission-support risks that could affect the Department meeting its strategic goals and objectives and prioritized the risks for mitigation strategies that will be monitored.

[1] Consistent with OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*; the Government Performance and Results Modernization Act of 2010; and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

[2] The JMD Strategic Planning and Performance Staff leads the ERM effort across the Department. The ERM Working Group contributing to the Department's FY 2020 Risk Profile included risk officials from ATF, ATR, BOP, CIV, COPS, CRM, CRT, DEA, EOIR, ENRD, FBI, JMD, NSD, OJP, OPCL, OTJ, USMS, USTP, and TAX. SOR participants represented 30 components across the Department.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

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

FMFIA Assurance Statement

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of FMFIA § 2 and § 4. In accordance with OMB Circular A-123, the Department conducted its assessment of risk and internal control. Based on the results of the assessment, we can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2020.

The Department of Justice is committed to maintaining strong program and financial management as we continue our mission of fighting terrorism and protecting our communities from crime. We take our program and financial accountability seriously and are dedicated to ensuring that the funds we receive are used in a responsible and transparent manner. We will continue to strengthen our controls in areas identified through the Department's internal review activities and by the OIG and GAO. We look forward in FY 2021 to building on our achievements as we continue the important work of the Department.

William P. Barr
Attorney General
November 17, 2020

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The FFMIA requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger (USSGL) at the transaction level. Furthermore, the Act requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report. Guidance for implementing the FFMIA is provided through OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996.*

FFMIA Compliance Determination

During FY 2020, the Department assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially comply with the FFMIA. This determination is based on the results of reviews conducted pursuant to the Federal Information Security Management Act and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified during the Department's financial statement audit. A summary of the Department's compliance with the specific requirements of the FFMIA is provided at the end of this section.

Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to ultimately replace the one remaining major non-integrated legacy accounting system in use in the Department with the single, integrated financial management system the Department is deploying – the Unified Financial Management System (UFMS). UFMS delivers standard, core accounting and acquisition processes, as well as the data needed for effective financial and budget management. In FY 2020, the Department continued its implementation planning efforts to prepare for the UFMS migrations set for early FY 2021. In October 2020, the Department's grant-awarding components (COPS, OJP, and OVW) and the Justice Management Division's Debt Collection Management Staff (Civil Debt Collections) migrated to UFMS. The final UFMS migration will be the Bureau of Prisons, which is planned for FY 2022. The UFMS implementation goals leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

The Department's UFMS implementation has enabled components to improve financial and budget management and realize increased efficiencies. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

Analysis of Legal Compliance

Department of Justice management is committed to ensuring compliance with applicable laws and regulations, including data standards and appropriations and employment laws and regulations. Compliance is addressed through policies and procedures, along with oversight and governance by senior leadership. In FY 2020, DOJ component internal review activities and GAO and OIG reviews and audits identified isolated instances of noncompliance, none of which was significant enough to require reporting as a material weakness in the Department-level FMFIA Assurance Statement provided earlier in this section.

Summary of Financial Statement Audit and Management Assurances

The table below summarizes the results of the financial statement audit. The table on the following page summarizes the management assurances regarding the effectiveness of internal control over operations and financial reporting (FMFIA § 2) and compliance with financial management system requirements (FMFIA § 4) and the FFMIA.

Table 3. Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Financial Statement Compilation and Review Controls	1	0	1	0	0
Total Material Weaknesses	**1**	**0**	**1**	**0**	**0**

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
None	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**

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

Compliance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems Comply					
Non-Compliances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
None	0	0	0	0	0	0
Total Non-Compliances	**0**	**0**	**0**	**0**	**0**	**0**

Compliance with Section 803(a) of Federal Financial Management Improvement Act (FFMIA)		
Compliance with Specific Requirements		
Specific Requirements	**Agency**	**Auditor**
Federal Financial Management System Requirements	No Lack of Compliance Noted	No Lack of Compliance Noted
Applicable Federal Accounting Standards	No Lack of Compliance Noted	No Lack of Compliance Noted
USSGL at Transaction Level	No Lack of Compliance Noted	No Lack of Compliance Noted

Forward Looking Information

The Department of Justice faces challenges and risks every day as we work to meet our diverse mission. Some challenges and risks are recognizable and obvious, others are subtle, or are on the horizon. In a complex world where events and actions are happening simultaneously, the Department is employing forward-thinking and agile approaches to address our critical role of maintaining and strengthening the nation's liberty, safety, and prosperity.

One approach the Department is implementing to manage risks and challenges is an Enterprise Risk Management (ERM) capability that looks across the enterprise to address the full spectrum of the Department's significant risks as an interrelated portfolio, which includes strategic, operational, compliance, and compliance risks. DOJ is using a streamlined methodology to facilitate risk-informed decision-making through identification and mitigation activities that aligns strategy, processes, people, technology, and knowledge for the purpose of evaluating and managing uncertainties in executing our diversified missions.

ERM enables the Department's leadership to manage uncertainty (risks) and challenges more effectively to ensure its programs and activities continue to focus on meeting the dynamic demands of a complex legal, economic, and technological environments presently and in the future.

National Security

- Cyber Threat: Cybercrime is one of the greatest threats facing our country, and has enormous implications for our national security, economic prosperity, and public safety. The range of threats and challenges cybercrime presents for law enforcement expands just as rapidly as technology evolves. The Department of Justice itself is under constant cyber-attack. The threat is pervasive and persistent and the methods of adversaries are always evolving.

- Foreign Intelligence and Insider Threat: Both international and domestic terrorists threaten Americans at home and abroad. Foreign governments and state-sponsored actors threaten U.S. national security through foreign operations and espionage.

- Lawful Access (*formally known as Going Dark*): Criminals and terrorists are using encryption and other anonymous or hidden services to avoid detection, identification and capture. Conducting court-approved intercepts has become more challenging. Providers offer encryption as a selling point. Even when legal authority exists, technical ability is lacking, as are storage and data retention policies. A coordinated strategic response is urgently needed.

Law Enforcement

- Opioid Epidemic: The opioid epidemic affects a broad cross-section of the United States population without regard for age, gender, race, ethnicity, or economic status. Communities across the United States, including those in rural, suburban, and urban jurisdictions, have been hit by the opioid epidemic. More than 67,000 Americans died from drug overdoses in 2018, of which 70% were opioid-related.[3]

- State, Local and Tribal: Federal law enforcement officers constitute only 15 percent of the total number of law enforcement officers nationwide; therefore, 85 percent of the officer support relies upon strong partnership in state and local law enforcement, who have critical intelligence about violent

[3] These are the numbers reflected on the CDC website, as August 2020, https://www.cdc.gov/drugoverdose/index.html

crime in their communities, and whose actions are crucial in the fight against violent crime and the opioid epidemic.

- Transnational Organized Crime: Transnational criminal organizations pose a great threat to national security and the safety of American citizens. One area of increased transnational crime is elder fraud schemes which pose a serious threat to the financial security of older Americans.
    - Through tech-support, government-imposter, lottery, romance and other types of schemes, fraudsters solicit and extort at least $3 billion a year from seniors. And such fraud is on the rise – more seniors are reporting being the targets of fraud than at any prior time.

Immigration

- Increasing Workload: At the end of FY 2020, there were 1,252,028 cases pending in immigration courts nationwide, marking another year of increased backlogs.[4]

- Illegal Aliens: An increase in the Department of Homeland Security (DHS) apprehensions will result in more fugitive investigations for individuals with immigration warrants; more protective investigations and details for members of the judiciary; and more prisoners to receive, process, and detain.

- Immigration Enforcement Prosecutors: Federal prosecution of border crime is an essential part of the nation's defense and security and critical to public safety. U.S. Attorneys' Offices address the criminal and civil caseloads generated by law enforcement activities to ensure aggressive enforcement of all immigration statutes.

COVID/Pandemic

- COVID-19, along with the potential danger it poses to the community and the federal workforce, continues to impact how the Department operates to carry out its mission. The challenges COVID-19 presents to the Department have led to a shift in law enforcement operations, court proceedings, and an overall change in the workforce environment. The Department must also address the emergence of new COVID-related fraud cases.

Hiring and Staffing

- The Department is working to address challenges associated with recruiting, retaining, and developing a highly skilled diverse workforce to address mission critical needs; to respond to law enforcement issues, litigation matters, grant requirements, management challenges or operational needs.

Unpredictable

- Changes in federal laws may affect responsibilities and workload.

- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

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[4] The pending numbers are subject to change due to the data entry lag. https://www.justice.gov/eoir/workload-and-adjudication-statistics.

SECTION II
FINANCIAL SECTION

Section II

Financial Section

Overview

The Department's financial statements have been prepared to report the financial position, results of operations, net position, budgetary resources, and custodial activity of the Department pursuant to the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the format suggested in OMB Circular A-136, *Financial Reporting Requirements*. This data outlines not only the costs of programs, but also the costs of achieving individual results by strategic goal. The following section provides the Statements of Net Cost by major program for the Department of Justice, and it is aligned directly with the goals and objectives in the Department's Strategic Plan and Annual Performance Plan.

Following the Office of the Inspector General's Commentary and Summary, and the Independent Auditors' Report are the following financial statements:

Consolidated Balance Sheets – Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2020 and 2019.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2020 and 2019. The Department's net cost of operations includes the gross costs incurred by the Department less any exchange revenue earned from Department activities.

Consolidated Statements of Changes in Net Position – Presents the change in the Department's net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues, and other financing sources for the fiscal years ended September 30, 2020 and 2019.

Combined Statements of Budgetary Resources – Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2020 and 2019.

Combined Statements of Custodial Activity – Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2020 and 2019.

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COMMENTARY AND SUMMARY

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2020

Objectives

Pursuant to Section 304(a) of the Chief Financial Officers Act of 1990, as expanded by Section 405(b) of the Government Management Reform Act of 1994, the Department of Justice (Department) Office of the Inspector General (OIG) is required to perform or contract an independent auditor to perform an audit of the Department's annual financial statements.

The objectives of the audit are to opine on the financial statements; report on internal control over financial reporting; and report on compliance and other matters, including compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA).

Results in Brief

KPMG LLP (KPMG) found that the Department's financial statements are fairly presented as of and for the year ended September 30, 2020. An unmodified opinion was issued. The Independent Auditors' Report did not report any material weaknesses or instances of non-compliance.

The OIG reviewed KPMG's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached Independent Auditors' Report dated November 17, 2020, and the conclusions expressed in the report. Our review disclosed no instances where KPMG did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

Recommendations

No recommendations were provided in this report.

Audit Results

Under the direction of the OIG, KPMG performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The fiscal year (FY) 2020 audit resulted in an unmodified opinion on the financial statements. An unmodified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the Department's operations in accordance with U.S. generally accepted accounting principles. For FY 2019, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 20-016).

The Department made significant improvements to the financial statement compilation and review controls, eliminating the one material weakness in FY 2019. KPMG neither identified any material weaknesses, nor reported any significant deficiencies in the FY 2020 Independent Auditors' Report. No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards. Additionally, KPMG's tests disclosed no instances in which the Department's financial management systems did not substantially comply with FFMIA.

The Department's financial statements are comprised of nine reporting entities as described in Note 1.A. to the financial statements. Four of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund; Federal Bureau of Investigation; Federal Bureau of Prisons; and Federal Prison Industries, Inc.) also prepare separate audited annual financial statements, which are available on the OIG's website shortly after issuance.

The Department continues to make progress toward implementing a Unified Financial Management System (UFMS). The Department began implementing UFMS in 2009 and has one final component implementation scheduled in October 2021, after which the UFMS implementation will be complete. Until that time, however, the Department will not have a fully unified financial management system capable of fully supporting ongoing accounting operations and the preparation of financial statements, or capable of fully achieving the economies of scale that the Department envisions for UFMS.

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of net cost, and changes in net position, and combined statements of budgetary resources, and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2020 and 2019, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the basic consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The information in the Department Overview, Message from the Attorney General, Introduction, Other Information, Management Section, and Appendices is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2020, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Exhibit presents the status of the prior years' findings and recommendations.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2020 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 17, 2020

EXHIBIT

STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, we have evaluated whether the Department has taken the appropriate corrective action to address the findings and recommendations from the prior years' financial statements audits that could have a material effect on the financial statements or other financial data significant to the audit objectives. The following table provides the Office of the Inspector General report numbers where the deficiencies were reported, our recommendations for improvement, and the status of the previously identified deficiencies and recommendations as of the end of FY 2020.

Report	Deficiency	Recommendations	Status
Annual Financial Statements Fiscal Year 2018 Report No. 19-02	Improvements Needed in Financial Statement Preparation and Review Controls	**Recommendation No. 4:** Enhance the DOJ's level of supervisory review over journal entries, with an emphasis on a more robust review of underlying data and the general ledger accounts affected by the journal entry.	Complete
Annual Financial Statements Fiscal Year 2019 Report No. 20-016	Improvements Needed in Financial Statement Compilation and Review Controls	**Recommendation No. 1:** Assess reconciliation, financial reporting review, and other monitoring controls, and identify those areas where component management could increase the rigor and precision of those controls.	Complete[1]
		Recommendation No. 3: Enhance controls over conversion activities to ensure converted information in Unified Financial Management System has the necessary attributes and indicators.	Complete
		Recommendation No. 4: Revise its training processes associated with the implementation of new accounting standards.	Complete

[1] Sufficient progress has been made in addressing this finding and the related recommendation such that the remaining risk of misstatement no longer merits the attention by those charged with governance. Therefore, the condition has been downgraded to a deficiency in internal control.

Principal Financial Statements and Related Notes

See Independent Auditors' Report

U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2020 and 2019

Dollars in Thousands		2020		2019
ASSETS (Note 2)				
Intragovernmental				
Fund Balance with Treasury (Note 3)	$	34,076,057	$	39,379,340
Investments (Note 5)		5,013,918		3,665,946
Accounts Receivable (Note 6)		766,591		659,563
Other Assets (Note 10)		173,465		157,082
Total Intragovernmental		40,030,031		43,861,931
Cash and Other Monetary Assets (Note 4)		1,341,558		2,409,814
Accounts Receivable, Net (Note 6)		181,553		168,927
Inventory and Related Property, Net (Note 7)		251,940		144,608
Forfeited Property, Net (Note 8)		106,008		136,774
General Property, Plant and Equipment, Net (Note 9)		8,855,461		8,715,749
Advances and Prepayments		696,605		327,308
Other Assets (Note 10)		3,089		3,534
Total Assets	**$**	**51,466,245**	**$**	**55,768,645**
LIABILITIES (Note 11)				
Intragovernmental				
Accounts Payable	$	407,931	$	402,790
Accrued Federal Employees' Compensation Act Liabilities		280,834		279,206
Custodial Liabilities (Note 21)		1,066,754		1,907,412
Other Liabilities (Note 15)		527,121		411,631
Total Intragovernmental		2,282,640		3,001,039
Accounts Payable		3,627,484		4,238,855
Accrued Grant Liabilities		625,785		843,398
Accrued Payroll and Benefits		656,412		532,909
Accrued Annual and Compensatory Leave Liabilities		1,126,187		959,989
Federal Employees and Veterans Benefits		1,653,281		1,811,346
Environmental and Disposal Liabilities (Note 12)		76,951		75,881
Deferred Revenue		740,123		761,873
Seized Cash and Monetary Instruments (Note 14)		2,429,647		2,477,002
Contingent Liabilities (Note 16)		91,128		69,775
Radiation Exposure Compensation Act Liabilities (Note 26)		102,395		174,659
September 11th Victim Compensation Fund Liabilities (Note 26)		3,023,169		4,316,410
United States Victims of State Sponsored Terrorism Act Liabilities (Note 26)		146,201		1,166,312
Other Liabilities (Note 15)		583,657		583,597
Total Liabilities	**$**	**17,165,060**	**$**	**21,013,045**
NET POSITION				
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$	2,877	$	53,764
Unexpended Appropriations - All Other Funds		16,619,046		16,043,659
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)		12,897,907		15,399,181
Cumulative Results of Operations - All Other Funds		4,781,355		3,258,996
Total Net Position	**$**	**34,301,185**	**$**	**34,755,600**
Total Liabilities and Net Position	**$**	**51,466,245**	**$**	**55,768,645**

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

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2020 and 2019

Dollars in Thousands

		Gross Costs			Less: Earned Revenues			Net Cost of
	FY	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Operations (Note 18)
Goal 1	**2020**	$ 1,925,270	$ 4,439,810	$ 6,365,080	$ 262,718	$ 13,337	$ 276,055	$ 6,089,025
	2019	$ 1,853,460	$ 5,386,700	$ 7,240,160	$ 249,068	$ 13,179	$ 262,247	$ 6,977,913
Goal 2	**2020**	352,738	581,310	934,048	14,805	685	15,490	918,558
	2019	346,069	507,934	854,003	16,054	161	16,215	837,788
Goal 3	**2020**	5,818,628	22,457,320	28,275,948	826,117	981,361	1,807,478	26,468,470
	2019	5,360,442	23,501,747	28,862,189	811,908	1,021,891	1,833,799	27,028,390
Goal 4	**2020**	1,006,442	4,559,580	5,566,022	144,036	895,908	1,039,944	4,526,078
	2019	1,230,415	4,613,160	5,843,575	302,213	585,110	887,323	4,956,252
Total	**2020**	**$ 9,103,078**	**$ 32,038,020**	**$ 41,141,098**	**$ 1,247,676**	**$ 1,891,291**	**$ 3,138,967**	**$ 38,002,131**
	2019	**$ 8,790,386**	**$ 34,009,541**	**$ 42,799,927**	**$ 1,379,243**	**$ 1,620,341**	**$ 2,999,584**	**$ 39,800,343**

Goal 1 Enhance National Security and Counter the Threat of Terrorism
Goal 2 Secure the Borders and Enhance Immigration Enforcement and Adjudication
Goal 3 Reduce Violent Crime and Promote Public Safety
Goal 4 Promote Rule of Law, Integrity, and Good Government

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands

	2020			
	Funds from Dedicated Collections	**All Other Funds**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 53,764**	**$ 16,043,659**	**$ -**	**$ 16,097,423**
Budgetary Financing Sources				
Appropriations Received	65,182	33,697,039	-	33,762,221
Appropriations Transferred-In/Out	-	948,064	-	948,064
Other Adjustments	-	(216,466)	-	(216,466)
Appropriations Used	(116,069)	(33,853,250)	-	(33,969,319)
Total Budgetary Financing Sources	**(50,887)**	**575,387**	**-**	**524,500**
Unexpended Appropriations	**$ 2,877**	**$ 16,619,046**	**$ -**	**$ 16,621,923**
Cumulative Results of Operations				
Beginning Balances	**$ 15,399,181**	**$ 3,258,996**	**$ -**	**$ 18,658,177**
Budgetary Financing Sources				
Other Adjustments	-	(141)	-	(141)
Appropriations Used	116,069	33,853,250	-	33,969,319
Nonexchange Revenues	582,896	172	-	583,068
Donations and Forfeitures of Cash and Cash Equivalents	1,179,990	5	-	1,179,995
Transfers-In/Out Without Reimbursement	(455,106)	376,152	-	(78,954)
Other Financing Sources				
Donations and Forfeitures of Property	565,757	-	-	565,757
Transfers-In/Out Without Reimbursement	(4,780)	4,188	-	(592)
Imputed Financing (Note 19)	30,957	805,623	(17,091)	819,489
Other Financing Sources	(5,742)	(8,983)	-	(14,725)
Total Financing Sources	**2,010,041**	**35,030,266**	**(17,091)**	**37,023,216**
Net Cost of Operations	**(4,511,315)**	**(33,507,907)**	**17,091**	**(38,002,131)**
Net Change	(2,501,274)	1,522,359	-	(978,915)
Cumulative Results of Operations	**$ 12,897,907**	**$ 4,781,355**	**$ -**	**$ 17,679,262**
Net Position	**$ 12,900,784**	**$ 21,400,401**	**$ -**	**$ 34,301,185**

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands

	2019			
	Funds from Dedicated Collections	**All Other Funds**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 72,459**	**$ 16,265,939**	**$ -**	**$ 16,338,398**
Adjustments				
Changes in Accounting Principles	207	**(207)**	**-**	**-**
Beginning Balances, as Adjusted	**72,666**	**16,265,732**	**-**	**16,338,398**
Budgetary Financing Sources				
Appropriations Received	24,015	31,330,693	-	31,354,708
Appropriations Transferred-In/Out	-	970,698	-	970,698
Other Adjustments	-	(168,329)	-	(168,329)
Appropriations Used	(42,917)	(32,355,135)	-	(32,398,052)
Total Budgetary Financing Sources	**(18,902)**	**(222,073)**	**-**	**(240,975)**
Unexpended Appropriations	**$ 53,764**	**$ 16,043,659**	**$ -**	**$ 16,097,423**
Cumulative Results of Operations				
Beginning Balances	**$ 17,733,869**	**$ 4,522,001**	**$ -**	**$ 22,255,870**
Adjustments				
Changes in Accounting Principles	(24)	24	-	**-**
Beginning Balances, as Adjusted	**17,733,845**	**4,522,025**	**-**	**22,255,870**
Budgetary Financing Sources				
Other Adjustments	(679,236)	(224,000)	-	(903,236)
Appropriations Used	42,917	32,355,135	-	32,398,052
Nonexchange Revenues	908,956	246	-	909,202
Donations and Forfeitures of Cash and Cash Equivalents	2,515,431	184	-	2,515,615
Transfers-In/Out Without Reimbursement	(504,500)	385,250	-	(119,250)
Other Financing Sources				
Donations and Forfeitures of Property	360,257	1	-	360,258
Transfers-In/Out Without Reimbursement	(2,061)	3,615	-	1,554
Imputed Financing (Note 19)	41,949	1,027,958	(18,549)	1,051,358
Other Financing Sources	(3)	(10,900)	-	(10,903)
Total Financing Sources	**2,683,710**	**33,537,489**	**(18,549)**	**36,202,650**
Net Cost of Operations	**(5,018,374)**	**(34,800,518)**	**18,549**	**(39,800,343)**
Net Change	(2,334,664)	(1,263,029)	-	(3,597,693)
Cumulative Results of Operations	**$ 15,399,181**	**$ 3,258,996**	**$ -**	**$ 18,658,177**
Net Position	**$ 15,452,945**	**$ 19,302,655**	**$ -**	**$ 34,755,600**

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

U. S. Department of Justice
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2020 and 2019

Dollars in Thousands	2020	2019
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 20)	$ 11,854,331	$ 13,250,474
Appropriations (discretionary and mandatory)	39,225,188	38,005,066
Spending Authority from Offsetting Collections (discretionary and mandatory)	4,999,674	5,072,468
Total Budgetary Resources	**$ 56,079,193**	**$ 56,328,008**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 47,982,287	$ 45,704,768
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	6,690,848	7,524,859
Exempt from Apportionment, Unexpired Accounts	142,956	259,969
Unapportioned, Unexpired Accounts	322,650	1,913,400
Unexpired Unobligated Balance, End of Year	7,156,454	9,698,228
Expired Unobligated Balance, End of Year	940,452	925,012
Unobligated Balance - End of Year (Total)	8,096,906	10,623,240
Total Status of Budgetary Resources	**$ 56,079,193**	**$ 56,328,008**
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	$ 41,363,698	$ 38,436,298
Less: Distributed Offsetting Receipts	918,286	949,222
Agency Outlays, Net (discretionary and mandatory)	**$ 40,445,412**	**$ 37,487,076**

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2020 and 2019

Dollars in Thousands	2020	2019
Total Custodial Revenue		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	$ 13,942,345	$ 9,573,911
Fees and Licenses	80,222	65,394
Miscellaneous	786	472
Total Cash Collections	14,023,353	9,639,777
Accrual Adjustments	(2,049)	2,056
Total Custodial Revenue (Note 21)	14,021,304	9,641,833
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Government Accountability Office	(230)	-
The Judiciary	(69,039)	(32,980)
Trade and Development Agency	(174)	-
U.S. Department of Agriculture	(44,252)	(85,376)
U.S. Department of Commerce	(4,751)	(8,565)
U.S. Department of the Interior	(526,575)	(531,327)
U.S. Department of Justice	(125,471)	(57,416)
U.S. Department of Labor	(4,972)	(2,838)
U.S. Postal Service	(86,678)	(23,001)
U.S. Department of State	(823)	(68)
U.S. Department of the Treasury	(681,623)	(1,261,004)
Office of Personnel Management	(20,546)	(6,842)
Federal Communications Commission	(4,498)	(567)
Social Security Administration	(1,337)	(720)
Federal Trade Commission	(4,851,149)	(6,178)
U.S. Nuclear Regulatory Commission	-	(1,266)
U.S. Department of Veterans Affairs	(29,334)	(135,737)
Equal Employment Opportunity Commission	-	(79)
General Services Administration	(9,885)	(3,973)
National Science Foundation	(2,320)	(2,078)
Securities and Exchange Commission	(2)	(3)
Federal Deposit Insurance Corporation	(6)	(9)
National Endowment For the Humanities	(14)	(11)
Railroad Retirement Board	(268)	(156)
Consumer Product Safety Commission	-	(24)
Tennessee Valley Authority	(13)	-
Environmental Protection Agency	(190,875)	(563,284)
U.S. Department of Transportation	(2,671)	(7,494)
U.S. Department of Homeland Security	(285,340)	(177,966)
Agency for International Development	(131)	(1,542)
Small Business Administration	(8,639)	(5,875)
U.S. Department of Health and Human Services	(2,120,038)	(1,225,960)
National Aeronautics and Space Administration	(404)	(1,855)
Export-Import Bank of the United States	(1,102)	(1,256)
U.S. Department of Housing and Urban Development	(30,355)	(82,164)
U.S. Department of Energy	(45,967)	(1,770)
U.S. Department of Education	(12,331)	(15,071)
Commodities Futures Trading Commission	(101)	(71)
Corporation of National & Community Services	(959)	(629)
Federal Reserve Board	(3)	(4)
Treasury General Fund	(4,622,344)	(4,386,492)
U.S. Department of Defense	(166,633)	(178,532)
Transferred to the Public	(510,751)	(396,116)
(Increase)/Decrease in Amounts Yet to be Transferred	867,020	(183,784)
Refunds and Other Payments	(3,766)	(8,967)
Retained by the Reporting Entity	(421,954)	(242,783)
Total Disposition Of Collections	(14,021,304)	(9,641,833)
Net Custodial Activity	$ -	$ -

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

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Inventory and Related Property, Other Assets, Federal Employee and Veteran Benefits and Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the Consolidated Balance Sheets. These include Forfeited Property, Net; Advances and Prepayments; Accrued Grant Liabilities; Accrued Federal Employees' Compensation Act (FECA) Liabilities; Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Deferred Revenue; Seized Cash and Monetary Instruments; Contingent Liabilities; Radiation Exposure Compensation Act (RECA) Liabilities; September 11th Victim Compensation Fund Liabilities; and United States Victims of State Sponsored Terrorism Act Liabilities (USVSST Fund).

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

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, ATF, BOP, DEA, FBI, FPI, OBDs, OJP and USMS. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2020 and 2019 and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and is self-sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level. Additionally, FPI's revenues are primarily derived from the sale of products and services to other federal departments, agencies, and government institutions that purchase products listed on FPI's Schedule of Products.

Custodial activity reported on the Combined Statements of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. An accrual adjustment is recorded on the Statements of Custodial Activity to adjust cash collections and refund disbursements with the net increase or decrease of accrued non-entity accounts receivables, net of uncollectible amounts, and refunds payable at year-end.

Proprietary and budgetary accounting are complementary; however, both the types of information presented and the timing of their recognition are sometimes different. Information is therefore needed about the differences between proprietary and budgetary accounting, which is accomplished in part by presenting a Reconciliation of Net Cost of Operations to Outlays/Disbursements, Net in Note 22. This reconciliation helps explain and clarify how proprietary basis of accounting Net Cost of Operations (cash and non-cash transactions) for the fiscal year relates to budgetary basis of accounting Outlays/Disbursements, Net (cash transactions) for the fiscal year and the reconciling items between the two.

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

E. Non-Entity Assets

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

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

F. Fund Balance with Treasury and Cash and Other Monetary Assets

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

G. Investments

Investments are market-based Treasury securities issued by the Bureau of Fiscal Service. When securities are purchased, the investment is recorded at face value (the value at maturity). The Department's intent is to hold investments to maturity, unless the invested funds are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File, which can be found on the Bureau of Fiscal Service website. Investments are reported on the Consolidated Balance Sheets at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

The AFF/SADF, the U.S. Trustee System Fund, the United States Victims of State Sponsored Terrorism Fund (USVSSTF) and the Federal Prison Commissary Fund are four Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

Treasury securities are issued to the funds as evidence of fund receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by funds from dedicated collections are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

The United States Victims of State Sponsored Terrorism Act states that the USVSST Fund shall be invested in the same manner as a trust fund and authorizes the Treasury to manage the investment of the USVSST Fund. The Department of Justice notifies the Treasury promptly of amounts deposited to the USVSST Fund in order to ensure that Treasury may invest such receipts in the account. Treasury, in its administrative discretion, determines how the USVSST Fund will be invested, to ensure that the securities purchased for the USVSST Fund will have maturities suitable to the needs of the USVSST Fund. Interest revenue on investments will be reported on an accrual basis.

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

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and the public, less the allowance for doubtful accounts. Intragovernmental accounts receivable primarily represent amounts due from other federal agencies for reimbursable work performed pursuant to the Economy Act and other statutory authority. Claims with other federal agencies are resolved in accordance with the business rules published in Appendix 10 of Treasury Financial Manual, Volume I, Part 2, Chapter 4700. In this regard, all intragovernmental accounts receivable are considered fully collectible as there is no credit risk. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year-end.

I. Inventory and Related Property

Inventory is maintained primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete items that may not be utilized in future periods.

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

J. General Property, Plant and Equipment

Capitalization of general property, plant and equipment (PP&E) occurs when the initial cost of acquiring or improving the asset meets the minimum threshold and the asset has an estimated useful life of two or more years. Land is always capitalized regardless of the acquisition costs. For projects funded by an appropriation, the Department established standard capitalization thresholds as shown below:

Type of Property	Capitalization Threshold
Real Property	$ 250
Personal Property	$ 50
Aircraft	$ 100
Internal Use Software	$ 5,000

An exception to the Department's standard capitalization thresholds provides Revolving, Working Capital, and Trust Fund entities the option to establish its own capitalization thresholds for general PP&E and Internal Use Software. If this option is exercised, the thresholds must not conflict with the standard capitalization thresholds, but may be more restrictive, at the discretion of the entity. Federal Prisons Industries, Inc., a revolving fund, exercised this option and established a threshold to capitalize personal property acquisition costs exceeding $10.

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

J. General Property, Plant and Equipment (continued)

The Federal Bureau of Prisons was granted a waiver capitalizing real property acquisition costs equal to or exceeding $100.

Depreciation or amortization of general PP&E, based on historical cost, is calculated using the straight-line method over the estimated useful life of the asset. Land is never depreciated.

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and funds disbursed to finance operations that exceed the total expenditures incurred. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. The property is recorded at the estimated market value at the time of forfeiture and is adjusted at the time of disposal, or as needed by management. The value of the property is reduced by the estimated liens of record. The amount ultimately realized from the forfeiture and disposition of these assets could differ from the amounts initially reported. The proceeds from the sale of forfeited property are deposited in the AFF.

Market value of seized and forfeited property is determined by the following:

Asset Type	Valuation Documentation
Cash/Currency, Monetary Instruments	Copy of Check, cash management company (e.g.,Brinks) receipt, EFT, wire confirmation, in accordance with DOJ policy
Financial Instruments	Web-based valuation tools (e.g., for crypto currency, CoinMarketCap.com), financial market, account statement, other source in accordance with DOJ policy
Vehicles	National Automobile Dealers Association (NADA) or Kelly Blue Book value in accordance with DOJ policy
Real Property	Real Property Appraisal/Broker’s Price Opinion (BPO)
Other Valued Assets	Professional appraisal, web-based valuation tools (e.g., Usedprice.com), other source in accordance with DOJ policy

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

L. Forfeited and Seized Property (continued)

Seized property is property that the government has taken possession of, in consequence of an alleged violation of public law. Seized property can include cash and monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency.

Most seized property is held by the USMS from the point of seizure until its disposition. In certain cases, the investigative agency will keep seized property in its custody if the intention is to place the property into official use after forfeiture or to use the property as evidence in a court proceeding. This property is valued at fair market value upon seizure, or, as soon as reasonably possible when market value could not be readily determined. Seized cash and monetary instruments are presented as assets with offsetting liabilities on the Consolidated Balance Sheets. Seized property other than cash and monetary instruments are only presented in the notes to the financial statements.

M. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year.

N. Accrued Grant Liabilities

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. The OBDs and OJP accrue a liability for expenditures incurred by grantees prior to receiving grant funds for expenditures. The amount to be accrued is determined through an analysis of historic grant expenditures. These estimates are based on the most current information available at the time the financial statements are prepared.

Estimates for the grant accrual contain assumptions that have an impact on the Consolidated financial statements. The key assumptions used in the grant accrual are: grantees have consistent spending patterns throughout the life of the grant, grantees will drawdown throughout the life of the grant, and the grant has a determined end date. The primary elements of these assumptions include, but are not limited to, type of grant that has been awarded, grant period, accounting basis used by the grantees, and the grant expenditure rate.

O. Commitments and Contingencies

The Department is involved in various administrative proceedings, legal actions, and claims. The Consolidated Balance Sheets include an estimated liability for those legal actions where management and the Chief Counsel consider adverse decisions "probable" and amounts are reasonably estimable. Legal actions where management and the Chief Counsel consider adverse decisions "probable" or "reasonably possible" and the amounts are reasonably estimable are

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

O. Commitments and Contingencies (continued)

disclosed in Note 16. However, there are cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is considered "remote".

P. Annual, Sick, and Other Leave

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

Q. Interest on Late Payments

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

R. Retirement Plans

With few exceptions, employees of the Department are covered by one of the following retirement programs:

1) Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). The Department contributes 7% of the gross pay for regular employees and 7.5% for law enforcement officers.

2) Employees hired January 1, 1984 or later, are covered by the Federal Employees Retirement System (FERS).

    a. Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The Department contributes 16.0% of the gross pay for regular employees and 33.4% for law enforcement officers.

    b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 14.2% of the gross pay for regular employees and 31.6% for law enforcement officers.

    c. Employees hired January 1, 2014 or later are covered by the Federal Employees System-Further Revised Annuity Employees (FERS-FRAE). The Department contributes 14.2% of the gross pay for regular employees and 31.6% for law enforcement officers.

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

R. Retirement Plans (continued)

All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, FERS-RAE and FERS-FRAE, a TSP account is automatically established to which the Department is required to contribute an additional 1% of gross pay and match employee contributions up to 4%. No government contributions are made to the TSP accounts established by the CSRS employees.

The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 19, Imputed Financing, for additional details.

S. Federal Employee Compensation Benefits

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

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

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

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

T. Intragovernmental Activity

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. With

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

T. Intragovernmental Activity (continued)

the exception of certain accruals, the classification of revenue or cost as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

U. Revenues and Other Financing Sources

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

Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in. Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered.

Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; fees for providing fingerprint-based and name-based Criminal History Record Information checks and other identification; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts attributable to the collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes, and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes licenses with DEA that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

V. Funds from Dedicated Collections

SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, defines 'Funds from Dedicated Collections' as being financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which

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

V. Funds from Dedicated Collections (continued)

remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenues. The three required criteria for a fund from dedicated collections are:

1) A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes;

2) Explicit authority for the funds to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and

3) A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government's general revenues.

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, U.S Victims of State Sponsored Terrorism Fund, Crime Victims Fund, Domestic Trafficking Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

W. Allocation Transfer of Appropriation

The Department is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Two exceptions to this general rule affecting the Department include the funds transferred from the Judicial Branch to the USMS, and funds transferred from the Executive Office of the President to OJP. Per OMB A-136, USMS and OJP report all activity relative to these allocation transfers in the respective financial statements. The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the Crime Victims Fund to the Department of Health and Human Services (HHS). This transfer is required by 42 U.S.C. §10603a {Sec. 14-4A} for *Child Abuse Prevention and Treatment Grants.* Amounts made available by section §10601(d) (2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

OJP receives, as a child entity, allocation transfers of appropriations from the Executive Office of the President. This transfer is authorized by P.L. 111-117 and P.L. 112-74. Per OMB A-136, OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

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

W. Allocation Transfer of Appropriation (continued)

The Department also allocated funds from BOP, as the parent, to the Public Health Service (PHS), a primary division of the HHS. PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligations of PHS staff salaries, benefits, and applicable relocation expenses.

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts (AOUSC). The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on a periodic basis.

Per OMB A-136, the USMS reports all budgetary and proprietary activity transferred from the Administrative Office of the U.S. Courts to the USMS.

X. Tax Exempt Status

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

Y. Use of Estimates

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

Z. Reclassifications

The FY 2019 financial statements were reclassified to conform to the FY 2020 Departmental financial statement presentation requirements. These reclassifications have no material effect on total assets, liabilities, net position, change in net position, budgetary resources, or custodial activity as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2020 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

BB. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

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

CC. Public- Private Partnerships

SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements* establishes principles to ensure that disclosures about Public-Private Partnerships (P3) are presented in the reporting entity's General Purpose Federal Financial Reports (GPFFR). The principles guide financial reporting by establishing a P3 definition and identifying risk-based characteristics that need to exist before considering the P3 arrangement or transaction for disclosure. SFFAS No. 49 exempts certain arrangements or transactions from the P3 disclosure requirements. Such exempt arrangements or transactions are subject to existing disclosure requirements in other SFFASs applicable to such arrangements or transactions. For FY 2020, the Department identified P3 relationships that met the SFFAS No. 49 disclosure requirements. Additional details regarding the P3 arrangements are provided in Note 23, *Public-Private Partnerships: Disclosure Requirements*.

Note 2. Non-Entity Assets

As of September 30, 2020 and 2019

	2020	2019
Intragovernmental		
Fund Balance with Treasury	$ 1,212,780	$ 2,060,416
Investments	1,180,000	150,000
Other Assets	1,445	-
Total Intragovernmental	2,394,225	2,210,416
With the Public		
Cash and Other Monetary Assets	1,282,099	2,357,689
Accounts Receivable, Net	7,959	10,154
Total With the Public	1,290,058	2,367,843
Total Non-Entity Assets	3,684,283	4,578,259
Total Entity Assets	47,781,962	51,190,386
Total Assets	$ 51,466,245	$ 55,768,645

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

Note 3. Fund Balance with Treasury

The Fund Balance with Treasury represents the unexpended balances on the Department's books for the entire Department's Treasury Account Symbols.

As of September 30, 2020 and 2019

	2020	2019
Status of Fund Balances		
Unobligated Balance - Available	$ 6,833,804	$ 7,784,828
Unobligated Balance - Unavailable	1,263,102	2,838,412
Obligated Balance not yet Disbursed	23,781,292	23,511,271
Non-Budgetary Fund Balance with Treasury	5,889,946	8,521,367
Budgetary Resources from Invested Balances	(3,696,276)	(3,280,940)
Total Status of Fund Balances	$ 34,071,868	$ 39,374,938

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

Unobligated Balance – Available includes amounts restricted for use in future fiscal years and available for obligation in a subsequent period (apportioned as Category C). For fiscal years ended September 30, 2020 and 2019, the amounts restricted for future use are $304,437 and $416,268, respectively.

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward adjustments for existing obligations. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Non-Budgetary Fund Balance with Treasury is primarily comprised of unavailable receipt accounts and clearing accounts that do not have budget authority and non-budgetary Fund Balance with Treasury recognized on the balance sheet such as non-fiduciary deposit funds.

As of September 30, 2020 and 2019, the respective immaterial variances of $4,189 and $4,402 between Fund Balance with U.S. Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances.

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

Note 4. Cash and Other Monetary Assets

As of September 30, 2020 and 2019

	2020	2019
Cash		
Undeposited Collections	$ 52	$ 742
Imprest Funds	59,461	52,125
Seized Cash Deposited	1,152,074	2,255,494
Other	30,206	33,287
Total Cash	1,241,793	2,341,648
Other Monetary Assets		
Seized Monetary Instruments	99,765	68,166
Total Other Monetary Assets	99,765	68,166
Total Cash and Other Monetary Assets	$ 1,341,558	$ 2,409,814

The majority of Other Cash consists of project-generated proceeds from undercover operations.

Note 5. Investments

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value Disclosure
As of September 30, 2020						
Intragovernmental						
Non-Marketable Securities						
Market Based	$ 4,978,866	Straight-Line	$ 34,627	$ 425	$ 5,013,918	$ 5,020,849
As of September 30, 2019						
Intragovernmental						
Non-Marketable Securities						
Market Based	$ 3,610,430	Straight-Line	$ 55,010	$ 506	$ 3,665,946	$ 3,669,306

These notes are an integral part of the financial statements

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

Note 6. Accounts Receivable, Net

As of September 30, 2020 and 2019

	2020	2019
Intragovernmental		
Accounts Receivable	$ 766,591	$ 659,563
Total Intragovernmental	766,591	659,563
With the Public		
Accounts Receivable	200,187	187,083
Allowance for Uncollectible Accounts	(18,634)	(18,156)
Total With the Public	181,553	168,927
Total Accounts Receivable, Net	$ 948,144	$ 828,490

Intragovernmental accounts receivable consists mainly of amounts due under reimbursable agreements with federal entities for services and goods provided.

The accounts receivable with the public primarily consists of OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, and FBI National Name Check Program.

Accounts receivable related to criminal restitution orders the Department monitors is not included in this note, as the Department is not the ultimate recipient of the collections. Additionally, in many cases, the potential collections are not specifically identifiable and the amount cannot be reasonably estimated.

Note 7. Inventory and Related Property, Net

As of September 30, 2020 and 2019

	2020	2019
Inventory		
Raw Materials	$ 135,292	$ 56,597
Work in Process	26,083	19,772
Finished Goods	26,887	23,215
Inventory Purchased for Resale	21,226	19,486
Excess, Obsolete, and Unserviceable	24,356	13,347
Inventory Allowance	(4,486)	(3,655)
Operating Materials and Supplies		
Held for Current Use	22,582	15,846
Total Inventory and Related Property, Net	$ 251,940	$ 144,608

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

Note 8. Forfeited and Seized Property, Net

Analysis of Change in Forfeited Property:

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status and asset group changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

Method of Disposition of Forfeited Property:

For the years ended September 30, 2020 and 2019, $202,380 and $181,028 of forfeited property were sold, $162 and $4,102 were destroyed or donated, $4,548 and $5,683 were returned to owners, and $366,843 and $182,001 were disposed of by other means, respectively. Other means of disposition include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2020

Forfeited Property Category		Beginning Balance	Adjustments[1]	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	270	220	753	(962)	281	-	281
	Value	$ 32,134	$ 15,167	$ 366,223	$ (401,226)	$ 12,298	$ (26)	$ 12,272
Real Property	Number	207	(11)	310	(315)	191	-	191
	Value	$ 68,252	$ (9,230)	$ 133,730	$ (136,865)	$ 55,887	$ (1,144)	$ 54,743
Personal Property	Number	3,204	112	2,649	(2,498)	3,467	-	3,467
	Value	$ 39,040	$ (15,057)	$ 51,512	$ (35,842)	$ 39,653	$ (660)	$ 38,993
Non-Valued Firearms	Number	43,379	(198)	19,591	(14,085)	48,687	-	48,687
Total	Number	47,060	123	23,303	(17,860)	52,626	-	52,626
	Value	$ 139,426	$ (9,120)	$ 551,465	$ (573,933)	$ 107,838	$ (1,830)	$ 106,008

For the Fiscal Year Ended September 30, 2019

Forfeited Property Category		Beginning Balance	Adjustments[1]	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	455	184	848	(1,217)	270	-	270
	Value	$ 12,390	$ 1,248	$ 204,507	$ (186,011)	$ 32,134	$ -	$ 32,134
Real Property	Number	303	(2)	327	(421)	207	-	207
	Value	$ 106,543	$ (10,519)	$ 111,478	$ (139,250)	$ 68,252	$ (1,876)	$ 66,376
Personal Property	Number	2,894	107	3,371	(3,168)	3,204	-	3,204
	Value	$ 38,757	$ (1,228)	$ 49,064	$ (47,553)	$ 39,040	$ (776)	$ 38,264
Non-Valued Firearms	Number	32,944	67	19,001	(8,633)	43,379	-	43,379
Total	Number	36,596	356	23,547	(13,439)	47,060	-	47,060
	Value	$ 157,690	$ (10,499)	$ 365,049	$ (372,814)	$ 139,426	$ (2,652)	$ 136,774

[1] Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

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

Note 8. Forfeited and Seized Property, Net (continued)

Analysis of Change in Seized Property:

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

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

Adjustments include property status and asset group changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

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

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

"Other" primarily consists of substances, both controlled and non-controlled as defined per the Controlled Substances Act, other than those discussed above. "Bulk Drug Evidence" is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above.

"Disposals" occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

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

Note 8. Forfeited and Seized Property, Net (continued)

Method of Disposition of Seized Property:

For the years ended September 30, 2020 and 2019, $1,161,749 and $1,596,810 of seized property were forfeited, $143,231 and $150,132 were returned to parties with a bona fide interest, and $173,185 and $455,893 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2020

Seized Property Category		Beginning Balance	Adjustments[1]	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number	12,474	991	10,174	(7,655)	15,984	-	15,984
	Value	$ 2,420,286	$ 94,901	$ 1,205,354	$ (1,364,844)	$ 2,355,697	$ (444,656)	$ 1,911,041
Financial Instruments	Number	583	97	694	(483)	891	-	891
	Value	$ 270,883	$ (38,839)	$ 95,995	$ (14,657)	$ 313,382	$ (20,064)	$ 293,318
Real Property	Number	109	(1)	38	(94)	52	-	52
	Value	$ 112,379	$ (30,279)	$ 38,555	$ (33,033)	$ 87,622	$ (79,042)	$ 8,580
Personal Property	Number	5,600	252	3,295	(3,225)	5,922	-	5,922
	Value	$ 136,964	$ (17,806)	$ 72,861	$ (55,547)	$ 136,472	$ (43,914)	$ 92,558
Non-Valued Firearms	Number	31,648	5,405	19,592	(22,591)	34,054	-	34,054
Total	Number	50,414	6,744	33,793	(34,048)	56,903	-	56,903
	Value	$ 2,940,512	$ 7,977	$ 1,412,765	$ (1,468,081)	$ 2,893,173	$ (587,676)	$ 2,305,497

For the Fiscal Year Ended September 30, 2019

Seized Property Category		Beginning Balance	Adjustments[1]	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number	11,319	603	9,711	(9,159)	12,474	-	12,474
	Value	$ 1,385,747	$ 86,793	$ 2,938,082	$ (1,990,336)	$ 2,420,286	$ (864,579)	$ 1,555,707
Financial Instruments	Number	493	(38)	728	(600)	583	-	583
	Value	$ 291,620	$ (45,242)	$ 116,530	$ (92,025)	$ 270,883	$ (18,159)	$ 252,724
Real Property	Number	103	3	72	(69)	109	-	109
	Value	$ 37,065	$ 1,706	$ 100,729	$ (27,121)	$ 112,379	$ (74,759)	$ 37,620
Personal Property	Number	5,288	679	3,932	(4,299)	5,600	-	5,600
	Value	$ 173,782	$ (39,503)	$ 76,310	$ (73,625)	$ 136,964	$ (49,343)	$ 87,621
Non-Valued Firearms	Number	26,218	3,110	23,297	(20,977)	31,648	-	31,648
Total	Number	43,421	4,357	37,740	(35,104)	50,414	-	50,414
	Value	$ 1,888,214	$ 3,754	$ 3,231,651	$ (2,183,107)	$ 2,940,512	$ (1,006,840)	$ 1,933,672

[1] Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2020

Seized Property Category		Beginning Balance	Adjustments[1]	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 53,374	$ (3,331)	$ 26,168	$ (9,069)	$ 67,142
Personal Property	Number	370	35	101	(76)	430
	Value	$ 6,548	$ 360	$ 2,541	$ (1,015)	$ 8,434
Non-Valued						
Firearms	Number	66,555	(1,415)	16,367	(9,355)	72,152
Drug Evidence						
Cocaine	KG	76,878	448	50,602	(44,473)	83,455
Heroin	KG	7,917	1	1,585	(1,016)	8,487
Marijuana	KG	7,702	89	669	(980)	7,480
Bulk Drug Evidence	KG	118,785	(606)	176,293	(141,488)	152,984
Methamphetamine	KG	34,745	398	18,009	(7,000)	46,152
Other	KG	13,640	59	1,897	(2,270)	13,326
Total Drug Evidence	KG	259,667	389	249,055	(197,227)	311,884

[1] Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

For the Fiscal Year Ended September 30, 2019

Seized Property Category		Beginning Balance	Adjustments[1]	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 49,564	$ (3,654)	$ 17,530	$ (10,066)	$ 53,374
Personal Property	Number	350	8	74	(62)	370
	Value	$ 6,167	$ 8,679	$ 1,364	$ (9,662)	$ 6,548
Non-Valued						
Firearms	Number	59,996	(1,742)	16,705	(8,404)	66,555
Drug Evidence						
Cocaine	KG	87,055	117	80,418	(90,712)	76,878
Heroin	KG	6,320	35	2,507	(945)	7,917
Marijuana	KG	8,287	26	557	(1,168)	7,702
Bulk Drug Evidence	KG	84,751	349	186,797	(153,112)	118,785
Methamphetamine	KG	23,566	3,499	11,782	(4,102)	34,745
Other	KG	14,023	(23)	2,520	(2,880)	13,640
Total Drug Evidence	KG	224,002	4,003	284,581	(252,919)	259,667

[1] Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

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

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2020

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 185,658	$ -	$ 185,658	N/A
Construction in Progress	645,737	-	645,737	N/A
Buildings, Improvements and Renovations	12,267,819	(7,210,559)	5,057,260	2-50 yrs
Other Structures and Facilities	1,311,636	(831,913)	479,723	10-50 yrs
Aircraft	711,336	(283,892)	427,444	5-30 yrs
Boats	14,572	(7,521)	7,051	5-25 yrs
Vehicles	433,272	(285,635)	147,637	2-25 yrs
Equipment	1,658,108	(1,053,884)	604,224	2-25 yrs
Assets Under Capital Lease	397	(392)	5	2-30 yrs
Leasehold Improvements	2,335,745	(1,583,441)	752,304	2-20 yrs
Internal Use Software	2,466,231	(2,081,518)	384,713	2-10 yrs
Internal Use Software in Development	161,093	-	161,093	N/A
Other General Property, Plant and Equipment	3,153	(541)	2,612	10-20 yrs
Total	$ 22,194,757	$ (13,339,296)	$ 8,855,461	

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

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

As of September 30, 2019

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 185,059	$ -	$ 185,059	N/A
Construction in Progress	681,139	-	681,139	N/A
Buildings, Improvements and Renovations	11,966,598	(6,829,111)	5,137,487	2-50 yrs
Other Structures and Facilities	1,210,511	(789,204)	421,307	10-50 yrs
Aircraft	632,074	(261,953)	370,121	5-30 yrs
Boats	14,249	(7,057)	7,192	5-25 yrs
Vehicles	392,504	(273,317)	119,187	2-25 yrs
Equipment	1,590,268	(1,048,453)	541,815	2-25 yrs
Assets Under Capital Lease	90,153	(88,050)	2,103	2-30 yrs
Leasehold Improvements	2,137,212	(1,452,795)	684,417	2-20 yrs
Internal Use Software	2,361,590	(1,920,918)	440,672	2-10 yrs
Internal Use Software in Development	123,135	-	123,135	N/A
Other General Property, Plant and Equipment	2,768	(653)	2,115	10-20 yrs
Total	$ 21,387,260	$ (12,671,511)	$ 8,715,749	

Current Year – Property, Plant and Equipment

As of September 30, 2020

	Net PP&E
Balance beginning of year	$ 8,715,749
Capitalized Acquisitions	1,059,399
Disposition	(8,142)
Revaluations	126
Depreciation Expense	(911,671)
Balance at end of year	$ 8,855,461

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

Note 10. Other Assets

As of September 30, 2020 and 2019

	2020	2019
Intragovernmental		
Advances and Prepayments	$ 173,389	$ 156,989
Other Intragovernmental Assets	76	93
Total Intragovernmental	173,465	157,082
Other Assets With the Public	3,089	3,534
Total Other Assets	$ 176,554	$ 160,616

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2020 and 2019

	2020	2019
Intragovernmental		
Accrued FECA Liabilities	$ 278,028	$ 276,181
Other Unfunded Employment Related Liabilities	1,602	652
Other	4,621	9,249
Total Intragovernmental	284,251	286,082
With the Public		
Federal Employee and Veteran Benefits	1,653,281	1,811,346
Accrued Annual and Compensatory Leave Liabilities	1,116,607	951,369
Environmental and Disposal Liabilities (Note 12)	76,951	75,881
Deferred Revenue	633,448	624,281
Contingent Liabilities (Note 16)	91,128	69,775
Radiation Exposure Compensation Act Liabilities (Note 26)	102,395	174,659
September 11th Victim Compensation Fund Liabilities (Note 26)	2,696,319	2,425,087
Other	416,831	381,937
Total With the Public	6,786,960	6,514,335
Total Liabilities Not Covered by Budgetary Resources	7,071,211	6,800,417
Total Liabilities Covered by Budgetary Resources	6,412,320	9,573,422
Total Liabilities Not Requiring Budgetary Resources	3,681,529	4,639,206
Total Liabilities	$ 17,165,060	$ 21,013,045

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. The Department expects that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed above. Liabilities covered by budgetary resources are liabilities that do not require appropriations and can be liquidated by the assets of the entities holding these liabilities. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources, such as liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

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

Note 12. Environmental and Disposal Liabilities

As of September 30, 2020 and 2019

	2020	2019
Firing Ranges		
Beginning Balance, Brought Forward	$ 33,580	$ 32,915
Inflation Adjustment	1,030	665
Total Firing Range Liability	34,610	33,580
Asbestos		
Beginning Balance, Brought Forward	42,301	43,874
Abatements	(729)	(1,549)
Inflation Adjustment	722	881
Future Funded Expenses	47	(905)
Total Asbestos Liability	42,341	42,301
Total Environmental and Disposal Liabilities	$ 76,951	$ 75,881

Per SFFAS No. 5, *Accounting for Liabilities of the Federal Government*; SFFAS No. 6, *Accounting for Property, Plant, and Equipment*; Technical Release No. 2 *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*; Technical Release No. 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment;* and Technical Release No. 11, *Implementation Guidance on Cleanup Costs Associated with Equipment,* federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

Firing Ranges

The BOP operates firing ranges on 68 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2020 and 2019 BOP management determined their estimated clean-up liability to be $32,307 and $31,277, respectively. In FY 2020, BOP Management adjusted the estimated clean-up liability by the current U.S. inflation rate as determined by Treasury and as such determined that an estimated firing range clean-up liability of $32,307, based on an inflation rate of 1.8 percent, should be recorded. In FY 2020, the liability cost for firing ranges increased by $1,030.

The FBI-owned ranges in Quantico and El Toro contain possible contamination. The FBI completed a remedial investigation/feasibility study (RI/FS) for the Quantico ranges in March 2015 which is used to estimate the cost of cleanup for the Quantico ranges. The FBI has not conducted a RI/FS for the El Toro ranges. Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government,* then requires the agency to recognize the anticipated cost of conducting a future study, plus any other identifiable costs, as a future environmental and disposal liability. The FBI has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size.

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

Note 12. Environmental and Disposal Liabilities (continued)

The estimated total firing range liability of $2,303 is based on the estimated costs for contamination remediation. As of September 30, 2020 and 2019, the FBI reported the estimated firing range cleanup liability of $2,303.

Asbestos

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable asbestos containing materials (ACM) remaining in each of the institutions as of October 30, 2009. In FY 2020, BOP Management decreased the clean-up liability in the amount of $729 for the abatement of asbestos at 7 locations. In addition, BOP Management increased the clean-up liability in the amount of $721 by the current U.S. inflation rate of 1.8 percent as determined by Treasury. As of September 30, 2020 and 2019, BOP Management determined their estimated clean-up liability to be $39,867 and $39,875, respectively.

The FBI has identified FBI-owned facilities in Quantico, Virginia that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 70 years. The estimated total asbestos liability over the 70 year useful life is $3,327, and is based on an environmental survey of the facilities that may be contaminated. The current estimated asbestos cleanup liability of $2,474 is the total estimated asbestos liability divided by the useful life and multiplied by the number of years in service, less any current year abatements, and adjusted for inflation. The estimated asbestos cleanup liability is adjusted each quarter by recording future funded expenses for the asbestos cleanup costs. As of September 30, 2020 and 2019, the FBI reported the estimated asbestos cleanup liability of $2,474 and $2,426, respectively.

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

Note 13. Leases

Capital Leases

The Department enters into leasing agreements through leasing authority delegated by the General Services Administration (GSA). DOJ acquires use of various general facilities (buildings and plant material centers), equipment, and land with renewal options that range from 0 to 10 years and which are located mainly in urban areas. The portfolio includes leases with escalation clauses based on the Consumer Price Index (CPI), and amortization periods with a range of 8 to 25 years. The table that follows represents a 25-year capital lease for a Federal Transfer Center in Oklahoma City. The lease agreement, which expired in FY 2020, called for semi-annual payments of $4.5 million for 20 years; the last five years (lease years 21 through 25) are land rental payments only. In FY 2020, BOP exercised a 25 year option term. While BOP still occupies the entire premises, the payment terms are for land only. In accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, the Federal Transfer Center lease no longer meets the criteria of a capital lease, and it will be considered an operating lease going forward.

Operating Leases

The Department acquires functional use of various buildings/facilities, equipment, and other assets via operating lease instruments. Unlike capital leases, operating leases do not transfer the benefits and risks of ownership; rather, payments for operating leases are expensed over the life of the lease. Major non-cancelable operating leases consists primarily of office space rented from GSA, most with renewal options that range from 1 to 25 years with escalation clauses based on the CPI, and lease periods with a range of 1 to 30 years. Other leases are primarily commercial leases with the general public and include automobile leases.

The FBI has submitted packages to the GSA for the Albuquerque, Anchorage, Birmingham, Jackson, Jacksonville, Louisville, Oklahoma City, and Omaha field offices which are scheduled to expire within the next five years. The FBI is relocating two field offices through FY 2023 with the potential for two additional relocations prior to FY 2025. The FBI is currently reviewing the expiration for the Buffalo and Knoxville field offices which expire within the next five years. When field offices relocate, often from space leased for 20 years or longer, the rental rates may increase. The field offices that relocate will accommodate the FBI's growth in workforce, space needs, and increased security requirements.

The table below shows the Department's total future lease payments by fiscal year for all federal and non-federal operating leases that have initial or remaining non-cancellable terms in excess of one year as of September 30, 2020.

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

Note 13. Leases (continued)

As of September 30, 2020

Intragovernmental

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings
2021	$ 399,109
2022	386,313
2023	396,318
2024	389,337
2025	371,418
After 2025	3,372,078
Total Future Noncancelable Operating Lease Payments	$ 5,314,573

With The Public

Capital Leases

	2020	2019
Summary of Assets Under Capital Lease		
Land and Buildings	$ -	$ 89,652
Machinery and Equipment	397	501
Accumulated Amortization	(392)	(88,050)
Total Assets Under Capital Lease	$ 5	$ 2,103

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

Note 13. Leases (continued)

With The Public

Future Capital Lease Payments Due

Fiscal Year	Machinery and Equipment	Total
2021	$ 4	$ 4
2022	4	4
2023	-	-
2024	-	-
2025	-	-
After 2025	-	-
Total Future Capital Lease Payments	$ 8	$ 8
Less: Executory Costs	(3)	(3)
FY 2020 Net Capital Lease Liabilities	$ 5	$ 5
FY 2019 Net Capital Lease Liabilities	$ 19	$ 19

	2020	2019
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 5	$ 19

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

Note 13. Leases (continued)

With The Public

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2021	$ 6,684	$ 6,841	$ 13,525
2022	5,416	53	5,469
2023	4,329	52	4,381
2024	3,643	34	3,677
2025	1,972	5	1,977
After 2025	3,697	-	3,697
Total Future Noncancelable Operating Lease Payments	$ 25,741	$ 6,985	$ 32,726

Note 14. Seized Cash and Monetary Instruments

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

As of September 30, 2020 and 2019

	2020	2019
Investments	$ 1,180,000	$ 150,000
Seized Cash Deposited	1,152,074	2,255,494
Seized Monetary Instruments	99,765	68,166
Cash in Transit to SADF	(2,192)	3,342
Total Seized Cash and Monetary Instruments	$ 2,429,647	$ 2,477,002

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

Note 15. Other Liabilities

As of September 30, 2020 and 2019

	Current	Non-Current	2020	Current	Non-Current	2019
Intragovernmental						
Other Accrued Liabilities	$ -	$ -	$ -	$ 66	$ -	$ 66
Employer Contributions and Payroll Taxes Payable	242,777	-	242,777	183,075	-	183,075
Other Post-Employment Benefits Due and Payable	47	-	47	1,649	-	1,649
Other Unfunded Employment Related Liabilities	1,601	-	1,601	652	-	652
Advances from Others	85,615	180,413	266,028	63,996	149,398	213,394
Liability for Clearing Accounts	55	-	55	58	-	58
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	11,146	-	11,146	2,204	-	2,204
Other Liabilities	5,467	-	5,467	10,533	-	10,533
Total Intragovernmental	346,708	180,413	527,121	262,233	149,398	411,631
With the Public						
Other Accrued Liabilities	6,967	-	6,967	7,748	-	7,748
Advances from Others	6,993	2,807	9,800	8,735	2,564	11,299
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	90,857	-	90,857	100,066	-	100,066
Liability for Clearing Accounts	980	-	980	4,229	-	4,229
Custodial Liabilities	34,522	-	34,522	60,885	-	60,885
Capital Leases Liabilities	5	-	5	19	-	19
Other Liabilities	430,471	10,055	440,526	388,494	10,857	399,351
Total With the Public	570,795	12,862	583,657	570,176	13,421	583,597
Total Other Liabilities	$ 917,503	$ 193,275	$ 1,110,778	$ 832,409	$ 162,819	$ 995,228

The Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity consists of non-entity assets held in a General Fund Receipt Account or other Department of the Treasury account symbol for transfer to other Federal entities.

The majority of Intragovernmental Other Liabilities are composed of employer contributions payables, payroll taxes payables, other liabilities without related budgetary obligations, tenant allowances for operating leases, monies received from prisoner funds, and certain receipts of cash that are in suspense, clearing, deposit, or general fund accounts that are owed to the Treasury.

Most of the Other Liabilities with the Public are composed of future funded energy savings performance contracts and utilities. In addition, Other Liabilities with the Public consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project. The majority of Total Other Liabilities are current with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

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

Note 16. Commitments and Contingencies

As of September 30, 2020	Accrued Liabilities	Estimated Range of Loss Lower	Estimated Range of Loss Upper
Legal Contingencies:			
Probable	$ 91,128	$ 91,128	$ 137,033
Reasonably Possible		843,946	1,155,769

As of September 30, 2019	Accrued Liabilities	Estimated Range of Loss Lower	Estimated Range of Loss Upper
Legal Contingencies:			
Probable	$ 69,775	$ 69,775	$ 100,804
Reasonably Possible		35,768	350,896

Note 17. Funds from Dedicated Collections

Funds from Dedicated Collections are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. See SFFAS No. 27, as amended, for the required criteria for funds from dedicated collections.

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

Note 17. Funds from Dedicated Collections (Continued)

As of September 30, 2020

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet									
Assets									
Intragovernmental									
Fund Balance with Treasury	$ 299,087	$ 154,048	$ 41,142	$ 11,490	$ 11,642,843	$ 2,943	$ 145,653	$ 78,467	$ 12,375,673
Investments	3,222,946	157,293	-	167,631	-	-	-	-	3,547,870
Accounts Receivable	19,428	-	2	-	-	-	-	-	19,430
Other Assets	-	11	-	-	58,147	-	94	-	58,252
Total Intragovernmental Assets	$ 3,541,461	$ 311,352	$ 41,144	$ 179,121	$ 11,700,990	$ 2,943	$ 145,747	$ 78,467	$ 16,001,225
Accounts and taxes Receivable, net	$ 36	$ 128,109	$ -	$ -	$ -	$ -	$ 63	$ 7,630	135,838
Inventories and related property, net	106,008	-	-	-	-	-	-	21,226	127,234
Property, plant, and equipment, net	1,350	10,683	200	-	-	-	16,174	3,667	32,074
Other Assets	496	-	-	-	2,412	-	-	73	2,981
Total Assets	$ 3,649,351	$ 450,144	$ 41,344	$ 179,121	$ 11,703,402	$ 2,943	$ 161,984	$ 111,063	$ 16,299,352
Liabilities									
Intergovernmental									
Accounts Payable	$ 106,704	$ 12,230	$ 8,451	$ 125	$ 16,365	$ -	$ 3,428	$ (2,200)	$ 145,103
Other Liabilities	646	2,027	1,141	10	-	-	3,956	2,980	10,760
Total Intragovernmental Liabilities	$ 107,350	$ 14,257	$ 9,592	$ 135	$ 16,365	$ -	$ 7,384	$ 780	$ 155,863
Accounts Payable	$ 1,973,343	$ 865	$ 2,934	$ 1,438	$ 4,717	$ -	$ 11,213	$ 22,509	$ 2,017,019
Accrued Grant Liabilities-Other	-	-	-	-	272,465	17	-	-	272,482
Federal employee & veterans Benefits	-	6,271	4,286	37	-	-	-	-	10,594
Deferred Revenue - Other	106,008	-	-	-	-	-	633,448	-	739,456
Benefits Due and Payable	-	11,955	-	38	-	-	10,097	-	22,090
U.S. Victims of State Sponsored Terrorism Act Liabilities - Other	-	-	-	146,201	-	-	-	-	146,201
Other Liabilities	4,180	-	-	-	-	-	20,523	10,160	34,863
Total Liabilities	$ 2,190,881	$ 33,348	$ 16,812	$ 147,849	$ 293,547	$ 17	$ 682,665	$ 33,449	$ 3,398,568
Net Position									
Unexpended Appropriations	$ -	$ -	$ 2,877	$ -	$ -	$ -	$ -	$ -	$ 2,877
Cumulative Results of Operations	1,458,470	416,796	21,655	$ 31,272	11,409,855	2,926	(520,681)	77,614	12,897,907
Total Net Position	$ 1,458,470	$ 416,796	$ 24,532	$ 31,272	$ 11,409,855	$ 2,926	$ (520,681)	$ 77,614	$ 12,900,784
Total Liabilities and Net Position	$ 3,649,351	$ 450,144	$ 41,344	$ 179,121	$ 11,703,402	$ 2,943	$ 161,984	$ 111,063	$ 16,299,352

For the Fiscal Year Ended September 30, 2020

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost									
Gross Cost of Operations	$ 1,810,983	$ 241,117	$ 163,018	$ 49,687	$ 2,607,442	$ 182	$ 524,439	$ 340,819	$ 5,737,687
Less: Earned Revenues	14,296	362,972	101,613	72	-	-	418,840	328,579	1,226,372
Net Cost of Operations	$ 1,796,687	$ (121,855)	$ 61,405	$ 49,615	$ 2,607,442	$ 182	$ 105,599	$ 12,240	$ 4,511,315
Statement of Changes in Net Position									
Net Position Beginning of Period	$ 1,505,505	$ 286,823	$ 20,790	$ 20,543	$ 13,959,315	$ 2,167	$ (426,699)	$ 84,501	$ 15,452,945
Budgetary Financing Sources	1,186,422	2,126	65,147	60,344	57,982	941	-	-	1,372,962
Other Financing Sources	563,230	5,992	-	-	-	-	11,617	5,353	586,192
Total Financing Sources	1,749,652	8,118	65,147	60,344	57,982	941	11,617	5,353	1,959,154
Net Cost of Operations	(1,796,687)	121,855	(61,405)	$ (49,615)	(2,607,442)	(182)	(105,599)	(12,240)	(4,511,315)
Change in Net Position	(47,035)	129,973	3,742	10,729	(2,549,460)	759	(93,982)	(6,887)	(2,552,161)
Net Position End of Period	$ 1,458,470	$ 416,796	$ 24,532	$ 31,272	$ 11,409,855	$ 2,926	$ (520,681)	$ 77,614	$ 12,900,784

These notes are an integral part of the financial statements

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

Note 17. Funds from Dedicated Collections (Continued)

As of September 30, 2019

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet									
Assets									
Intragovernmental									
Fund Balance with Treasury	$ 2,081,223	$ 170,439	$ 34,662	$ 139,199	$ 14,309,505	$ 2,167	$ 222,540	$ 83,539	$ 17,043,274
Investments	2,104,142	42,921	-	1,039,681	-	-	-	-	3,186,744
Account Receivable, net	18,662	-	16	-	-	-	-	-	18,678
Other Assets	-	7	-	-	57,417	-	63	-	57,487
Total Intragovernmental Assets	$ 4,204,027	$ 213,367	$ 34,678	$ 1,178,880	$ 14,366,922	$ 2,167	$ 222,603	$ 83,539	$ 20,306,183
Accounts Receivable, net	$ 185	$ 100,097	$ 4	$ 8,553	$ -	$ -	$ 10	$ 545	$ 109,394
Inventories and related property, net	136,774	-	-	-	-	-	-	19,486	156,260
Property, plant, and equipment, net	1,467	6,086	620	-	-	-	9,425	4,206	21,804
Other Assets	1	-	-	-	2,246	-	-	42	2,289
Total Assets	$ 4,342,454	$ 319,550	$ 35,302	$ 1,187,433	$ 14,369,168	$ 2,167	$ 232,038	$ 107,818	$ 20,595,930
Liabilities									
Intergovernmental									
Accounts Payable	$ 95,322	$ 14,537	$ 9,655	$ 68	$ 39,329	$ -	$ 989	$ 257	$ 160,157
Other Liabilities	519	1,482	800	7	-	-	3,183	2,420	8,411
Total Intragovernmental Liabilities	$ 95,841	$ 16,019	$ 10,455	$ 75	$ 39,329	$ -		$ 2,677	$ 168,568
Accounts Payable	$ 2,595,695	$ 2,419	$ 755	$ 482	$ 4,506	$ -	$ 9,895	$ 11,209	$ 2,624,961
Accrued Grant Liabilities - Other	-	-	-	-	366,018	-	-	-	366,018
Federal employee & veterans Benefits	-	4,812	3,301	21	-	-	-	-	8,134
Deferred Revenue - Other	136,774	-	-	-	-	-	624,281	-	761,055
Benefits Due and Payable	-	9,478	-	-	-	-	7,659	-	17,137
U.S Victims of State Sponsored Terrorism Act Liabilities - Other	-	-	-	1,166,312	-	-	-	-	1,166,312
Other Liabilities	8,639	-	-	-	-	-	12,730	9,431	30,800
Total Liabilities	$ 2,836,949	$ 32,728	$ 14,511	$ 1,166,890	$ 409,853	$ -	$ 654,565	$ 23,317	$ 5,142,985
Net Position									
Unexpended Appropriations	$ -	$ 53,764	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,764
Cumulative Results of Operations	1,505,505	233,059	20,790	$ 20,543	13,959,315	2,167	(426,699)	84,501	15,399,181
Total Net Position	$ 1,505,505	$ 286,823	$ 20,790	$ 20,543	$ 13,959,315	$ 2,167	$ (426,699)	$ 84,501	$ 15,452,945
Total Liabilities and Net Position	$ 4,342,454	$ 319,551	$ 35,301	$ 1,187,433	$ 14,369,168	$ 2,167	$ 227,866	$ 107,818	$ 20,595,930

For the Fiscal Year Ended September 30, 2019

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost									
Gross Cost of Operations	$ 1,591,348	$ 245,863	$ 143,658	$ 1,040,386	$ 2,385,191	$ -	$ 504,289	$ 344,762	$ 6,255,497
Less: Earned Revenues	19,123	334,149	129,601	-	-	-	406,650	347,600	1,237,123
Net Cost of Operations	$ 1,572,225	$ (88,286)	$ 14,057	$ 1,040,386	$ 2,385,191	$ -	$ 97,639	$ (2,838)	$ 5,018,374
Statement of Changes in Net Position									
Net Position Beginning of Period	$ 1,523,558	$ 199,368	$ (687)	$ 183	$ 16,353,569	$ 1,268	$ (345,914)	$ 75,166	$ 17,806,511
Budgetary Financing Sources	1,192,810	(16,260)	35,534	1,060,746	(9,063)	899	-	-	2,264,666
Other Financing Sources	361,362	15,429	-	-	-	-	16,854	6,497	400,142
Total Financing Sources	1,554,172	(831)	35,534	1,060,746	(9,063)	899	16,854	6,497	2,664,808
Net Cost of Operations	(1,572,225)	88,286	(14,057)	$ (1,040,386)	(2,385,191)	-	(97,639)	2,838	(5,018,374)
Change in Net Position	(18,053)	87,455	21,477	20,360	(2,394,254)	899	(80,785)	9,335	(2,353,566)
Net Position End of Period	$ 1,505,505	$ 286,823	$ 20,790	$ 20,543	$ 13,959,315	$ 2,167	$ (426,699)	$ 84,501	$ 15,452,945

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

Note 17. Funds from Dedicated Collections (continued)

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

The United States Trustees (UST) supervises the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, UST, and Family Farmer Bankruptcy Act of 1986 (Public Law 99–554) expanded the pilot trustee program to a 21 region, nationwide program encompassing 88 judicial districts. The UST System Fund collects user fees assessed against debtors, which offset the annual appropriation.

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

The Justice for United States Victims of State Sponsored Terrorism Act (the “Act”), 34 U.S.C. § 20144 (formerly codified as 42 U.S.C. § 10609), provides for the establishment and administration of the USVSST Fund to provide compensation to certain U.S. persons who were injured in acts of international state sponsored terrorism. The USVSST Fund may compensate eligible United States persons who (1) hold a final judgment issued by a United States district court awarding the applicant compensatory damages arising from acts of international terrorism for which a foreign state sponsor of terrorism was found not immune from the jurisdiction of the courts of the United States under the Foreign Sovereign Immunities Act; (2) were taken and held hostage from the United States Embassy in Tehran, Iran, during the period beginning November 4, 1979, and ending January 20, 1981, or are spouses and children of these hostages, if identified as a member of the proposed class in case number 1:00-CV-03110 (EGS) of the United States District Court for the District of Columbia; or (3) are the personal representative of a deceased individual in either of those two categories. Prior to FY 2019, the USVSSTF had multiple funding sources and the Department had the discretion to report the USVSSTF program as either Funds from Dedicated Collections or All Other Funds. In FYs 2020 and 2019, the program has been funded solely by revenue collected from Non-federal sources.

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

Note 17. Funds from Dedicated Collections (continued)

Therefore, in accordance with SFFAS No 43, which states, "*Funds that are financed by specifically identified revenues, provided to the government by non-federal sources, which remain available over time, are considered funds from dedicated collections*", the Department reported the USVSSTF activity as Funds from Dedicated Collections. This was a change in accounting principle as noted on the face of the FY 2019 Statement of Changes in Net Position.

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

The Domestic Trafficking Victims Fund is funded through an annual transfer of funds from the HHS and collections from assessments of $5 imposed on individuals or entities convicted of sexual abuse or exploitation, human smuggling, or human trafficking. The Fund will award grants to states and localities to combat trafficking, provide protection and assistance for victims, develop and implement child abuse prevention programs, and provide services to victims of child pornography.

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

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

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

Note 18. Suborganization Program Costs

For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	$ 90,549	$ 457,824	$ -	$ 22,421	$ 5,471,090	$ -	$ 341,775	$ -	$ -	$ (18,579)	$ 6,365,080
Less: Earned Revenues	-	-	-	187	264,062	-	30,385	-	-	(18,579)	276,055
Net Cost of Operations	90,549	457,824	-	22,234	5,207,028	-	311,390	-	-	-	6,089,025
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	936,436	-	-	(2,388)	934,048
Less: Earned Revenues	-	-	-	-	-	-	17,878	-	-	(2,388)	15,490
Net Cost of Operations	-	-	-	-	-	-	918,558	-	-	-	918,558
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	1,629,885	1,019,030	8,399,367	2,870,163	2,896,977	591,570	2,901,400	4,463,983	3,958,246	(454,673)	28,275,948
Less: Earned Revenues	14,296	67,863	353,314	444,633	538,920	565,726	169,652	42,811	47,845	(437,582)	1,807,478
Net Cost of Operations	1,615,589	951,167	8,046,053	2,425,530	2,358,057	25,844	2,731,748	4,421,172	3,910,401	(17,091)	26,468,470
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	90,549	-	-	-	2,630,922	-	3,525,183	-	-	(680,632)	5,566,022
Less: Earned Revenues	-	-	-	-	64,919	-	1,655,657	-	-	(680,632)	1,039,944
Net Cost of Operations	90,549	-	-	-	2,566,003	-	1,869,526	-	-	-	4,526,078
Net Cost of Operations	$ 1,796,687	$ 1,408,991	$ 8,046,053	$ 2,447,764	$ 10,131,088	$ 25,844	$ 5,831,222	$ 4,421,172	$ 3,910,401	$ (17,091)	$ 38,002,131

For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	$ 79,567	$ 442,182	$ -	$ 18,390	$ 5,197,740	$ -	$ 1,537,330	$ -	$ -	$ (35,049)	$ 7,240,160
Less: Earned Revenues	-	-	-	370	261,208	-	35,718	-	-	(35,049)	262,247
Net Cost of Operations	79,567	442,182	-	18,020	4,936,532	-	1,501,612	-	-	-	6,977,913
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	856,769	-	-	(2,766)	854,003
Less: Earned Revenues	-	-	-	-	-	-	18,981	-	-	(2,766)	16,215
Net Cost of Operations	-	-	-	-	-	-	837,788	-	-	-	837,788
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	1,432,214	984,213	8,036,112	2,841,000	2,728,756	663,998	4,691,636	4,267,344	3,691,832	(474,916)	28,862,189
Less: Earned Revenues	19,123	59,592	373,243	459,025	641,626	660,366	(3,894)	29,810	51,275	(456,367)	1,833,799
Net Cost of Operations	1,413,091	924,621	7,662,869	2,381,975	2,087,130	3,632	4,695,530	4,237,534	3,640,557	(18,549)	27,028,390
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	79,567	-	-	-	2,848,172	-	3,353,660	-	-	(437,824)	5,843,575
Less: Earned Revenues	-	-	-	-	89,447	-	1,235,700	-	-	(437,824)	887,323
Net Cost of Operations	79,567	-	-	-	2,758,725	-	2,117,960	-	-	-	4,956,252
Net Cost of Operations	$ 1,572,225	$ 1,366,803	$ 7,662,869	$ 2,399,995	$ 9,782,387	$ 3,632	$ 9,152,890	$ 4,237,534	$ 3,640,557	$ (18,549)	$ 39,800,343

Note 19. Imputed Financing

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department. In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts,* Federal Financial Accounting Standards Interpretation No.6, *Accounting for Imputed Intra-Departmental Costs: An Interpretation of SFFAS No. 4* and SFFAS No. 55, *Amending Inter-Entity Cost Provisions*, the material imputed inter-departmental financing sources currently recognized by the Department include business-type activities, the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities, and any un-reimbursed payments made from the Treasury Judgment Fund on behalf of the Department.

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

Note 19. Imputed Financing (continued)

Business-type activities are significantly self-sustaining activities that finance their accounting cycle of operations through collections of exchange revenues. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. §1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. Interpretation of Federal Financial Accounting Standards Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate the cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. The cost factors are as follows:

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	38.5%
	Regular Employees Offset	28.6%
	Law Enforcement Officers	62.7%
	Law Enforcement Officers Offset	53.4%
Federal Employees Retirement System (FERS)	Regular Employees	16.7%
	Regular Employees – Revised Annuity Employees (RAE)	17.2%
	Regular Employees – Further Revised Annuity Employees (FRAE)	17.4%
	Law Enforcement Officers	34.7%
	Law Enforcement Officers – RAE	35.2%
	Law Enforcement Officers – FRAE	35.4%

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

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

Note 19. Imputed Financing (continued)

For the Fiscal Year Ended September 30, 2020 and 2019

	2020	2019
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 33,895	$ 17,292
Health Insurance	777,993	712,324
Life Insurance	2,327	2,228
Pension	5,273	319,515
Total Imputed Inter-Departmental	$ 819,488	$ 1,051,359

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts,* are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI's imputed costs relates to OPM employee benefits and unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements. For the years ended September 30, 2020 and 2019, the FPI imputed costs were $17,091 and $18,549, respectively.

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

Note 20. Information Related to the Statement of Budgetary Resources

Net Adjustments to Unobligated Balance, Brought Forward, October 1:

Net adjustments to the Unobligated Balance, Brought Forward, October 1 primarily includes activity relating to Downward Adjustments of Prior-Year Undelivered and Delivered Orders, Transfers of Prior-Year Balances, and other changes in obligated balances. There were no material corrections of errors relating to the Net Adjustments to Unobligated Balance, Brought Forward, October 1.

As of September 30, 2020 and 2019

	2020	2019
Unobligated balance brought forward from prior year	$ 10,623,240	$ 12,039,955
Adjustment to Budgetary Resources made during current year		
Downward Adjustments of prior year undelivered orders	1,139,247	1,097,502
Downward Adjustments of prior year delivered orders	94,813	99,968
Other Adjustments	(2,969)	13,049
	1,231,091	1,210,519
Unobligated balance brought forward from Prior Year budget authority, net (discretionary and mandatory)	$ 11,854,331	$ 13,250,474

Status of Undelivered Orders:

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

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

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Status of Undelivered Orders (continued)

As of September 30, 2020 and 2019

	2020	2019
Intragovernmental		
UDO Obligations Unpaid	$ 557,541	$ 794,919
UDO Obligations Prepaid/Advanced	258,588	198,444
Total Intragovernmental	816,129	993,363
With The Public		
UDO Obligations Unpaid	12,213,316	11,983,024
UDO Obligations Prepaid/Advanced	696,469	362,175
Total With the Public	12,909,785	12,345,199
Total UDO	$ 13,725,914	$ 13,338,562

Permanent Indefinite Appropriations:

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

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

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

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

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Permanent Indefinite Appropriations (continued)

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

- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. § 46 Subchapter XII.

  OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers mortally injured in the line of duty. The PSOB Program offers three types of benefits:
  1) Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
  2) Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
  3) Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

- 28 U.S.C § 599 reauthorizes the Independent Counsel Reauthorization Act of 2016 for a five-year period. The Act also amends the time period in which individuals who held certain positions are subject to preliminary investigations by the Department of Justice from 1 year to 8 years after leaving office. The preliminary investigation is conducted to determine if the appointment of an independent counsel for further investigation and possible prosecution is necessary.

- On July 29, 2019, President Trump signed into law H.R. 1327, The Never Forget the Heroes: James Zadroga, Ray Pfeifer, and Luis Alvarez Permanent Authorization of the September 11th Victim Compensation Fund, Public Law No. 116-34 ("VCF Permanent Authorization Act"). The Permanent Authorization Act extends the VCF's claim filing deadline to October 1, 2090, and appropriates such funds as may be necessary to pay all approved claims in each fiscal year from fiscal year 2019 through fiscal year 2092.

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

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Legal Arrangements Affecting Use of Unobligated Balances:

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

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

The reconciliation as of September 30, 2019 is presented below. The reconciliation as of September 30, 2020 is not presented, because the submission of the Budget of the United States (Budget) for FY 2022, which presents the execution of the FY 2020 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website and will be available in early February 2021.

For the Fiscal Year Ended September 30, 2019 (Dollars in Millions)	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	$ 56,328	$ 45,705	$ 949	$ 37,487
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, & USMS	(1,120)	(206)	-	-
USMS Court Security Funds	(559)	(532)	-	(491)
Distributed Offsetting Receipts	-	-	33	146
Special and Trust Fund Receipts	-	-	-	800
Other	(6)	-	(2)	7
Budget of the United States Government	$ 54,643	$ 44,967	$ 980	$ 37,949

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

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

Note 21. Custodial Revenues

The Department collects for Federal debts, fines, penalties and restitution; fees and licenses, and other non-exchange miscellaneous collections. Accrual adjustments may be necessary to adjust cash collections and refund disbursements. For example, collections are refunded to the applicants who withdraw from the process or are rejected by the Licensing Center. If payments are not processed before the quarter end, an accrual is established. These activities are recognized as non-exchange custodial revenue and reported on the Statement of Custodial Activity (SCA) using the modified cash accounting basis. The Department is aware of settlements and judgements where the respective Court has not formally accepted the settlement or the judgments are pending on appeal. The Department is also aware of formally accepted court settlements that do not meet the standards for collectability based on management's determination. The sources of custodial revenue as presented on the SCA are described below.

OBDs' Office of Debt Collection Management (DCM) is the primary source of collections for the Department, and civil litigated matters (e.g., student loan defaults, financial and health care fraud). The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM may accept wire transfers or other payments on a criminal debt, in rare cases, if a Clerk of the U.S. Court is unable to do so. In addition, other custodial collections on behalf of the General Fund of the U.S. Government occur for interest, fines, and penalties.

DEA collects fees for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that are incidental to DEA's mission.

ATF collects fees from firearms and explosives industries, as well as import, permit and license fees as an agent of the federal government and as authorized by 26 U.S.C. § 6301, Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds.

FBI collects restitution payments, seized abandoned cash, and project-generated proceeds. These collections were incidental to the FBI's mission.

BOP collects fines and penalties, confiscated funds, found money on institution grounds, inmate's funds whose whereabouts are unknown and excess meal ticket collections. These collections were incidental to the BOP's mission.

USMS custodial revenue comprises miscellaneous collections that have to be transferred to Treasury by regulation at fiscal year-end. The items that generally make up these miscellaneous collections are jury duty fees, insurance settlements, restitution payments and in some instances collections linked to cancelled year appropriations.

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

Note 21. Custodial Revenues (continued)

For the above-related activities, funds for which the Department has no authority to use are transmitted to the Treasury General Fund at the end of the fiscal year. As of September 30, 2020 and 2019, the Department reported total custodial revenue on the SCA in the amounts of $14,021,304 and $9,641,833, respectively. The custodial revenue represented $14,023,353 and $9,639,777 in custodial collections and $(2,049) and $2,056 in accrual adjustments. The custodial collections that have yet to be disbursed are included in the assets and liabilities sections on the balance sheet. As of September 30, 2020 and 2019 the assets and liabilities related to custodial activities were $1,101,277 and $1,968,297. As of September 30, 2020 and 2019, the total funds returned to the Treasury General Fund were $(4,622,344) and $(4,386,492), respectively.

The table below shows collection activity by revenue type.

For the Fiscal Year Ended September 30, 2020

Non-Exchange Revenue	Current Year Collections
Excise Taxes	$ 65,253
Fines, penalties, interest and other revenue	13,957,581
Total amount of federal revenues collected	$ 14,022,834

Refund/Payments	Current Year Refunds
Excise Taxes	2,895
Total amount of refunds	$ 2,895

All current year collections are associated with the current tax year.

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

Note 22. Reconciliation of Net Costs to Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The reconciliation explains the relationship between the net cost of operations and net outlays by presenting (1) components of net cost that are not part of net outlays (e.g. depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities); and (2) components of net outlays that are not part of net cost (e.g. acquisition of capital assets); and (3) other temporary timing difference (e.g. prior period adjustments due to correction of error). The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Other components of net operating cost not part of the budgetary outlays includes primarily cost capitalization offset, advances and prepayments, contingent liabilities, and other liabilities with/without related budgetary obligations.

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

Note 22. Reconciliation of Net Costs to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2020

	Intra-governmental	With the Public	Total FY 2020
NET COST	$ 7,855,403	$ 30,146,728	$ 38,002,131
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and equipment depreciation	-	(911,671)	(911,671)
Property, plant, and equipment disposal and revaluation	-	(13,991)	(13,991)
Other	-	(146,181)	(146,181)
Increase/(decrease) in assets			
Accounts Receivable	(77,891)	15,941	(61,950)
Investments	1,005	-	1,005
Other Assets	9,661	366,575	376,236
(Increase)/decrease in liabilities			
Accounts Payable	130,219	610,864	741,083
Salaries and Benefits	(57,880)	(124,051)	(181,931)
Environmental and Disposal Liabilities	-	(1,071)	(1,071)
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	780	2,556,956	2,557,736
Other financing sources			
Federal Employee retirement benefit costs paid by OPM and imputed to the agency	(818,843)	-	(818,843)
Transfers out (in) without reimbursement	(220,428)	-	(220,428)
Other imputed financing	(647)	-	(647)
Total Components of Net Cost That are Not Part of Net Outlays	(1,034,025)	2,353,371	1,319,346
Component of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	121,311	684,365	805,676
Acquisition of inventory	-	285,812	285,812
Acquisition of other assets	52,265	128,446	180,711
Other	431	9,056	9,487
Total Component of Net Outlays That Are Not Part of Net Cost	174,007	1,107,679	1,281,686
Other Temporary Timing Difference	(162)	433,398	433,236
Distributed Offsetting Receipts	(89,581)	(501,406)	(590,987)
NET OUTLAYS	$ 6,905,642	$ 33,539,770	$ 40,445,412

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

Note 22. Reconciliation of Net Costs to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2019

	Intra-governmental	With the Public	Total FY 2019
NET COST	$ 7,411,143	$ 32,389,200	$ 39,800,343
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and equipment depreciation	-	(896,350)	(896,350)
Property, plant, and equipment disposal and revaluation	-	(15,524)	(15,524)
Other	-	(96,813)	(96,813)
Increase/(decrease) in assets			
Accounts Receivable	(117,510)	(5,466)	(122,976)
Investments	626	-	626
Other Assets	(40,753)	77,892	37,139
(Increase)/decrease in liabilities			
Accounts Payable	(102,423)	874,575	772,152
Salaries and Benefits	(19,351)	(64,848)	(84,199)
Environmental and Disposal Liabilities	-	908	908
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	(49,350)	(1,440,923)	(1,490,273)
Other financing sources			
Federal Employee retirement benefit costs paid by OPM and imputed to the agency	(1,051,358)	-	(1,051,358)
Transfers out (in) without reimbursement	(394,791)	-	(394,791)
Total Components of Net Cost That Are Not Part of Net Outlays	(1,774,910)	(1,566,549)	(3,341,459)
Component of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	78,286	628,686	706,972
Acquisition of inventory	216	195,637	195,853
Acquisition of other assets	58,722	116,514	175,236
Other	145,315	15,152	160,467
Total Component of Net Outlays That Are Not Part of Net Cost	282,539	955,989	1,238,528
Other Temporary Timing Difference	1,411	426,620	428,031
Distributed Offsetting Receipts	(180,304)	(458,063)	(638,367)
NET OUTLAYS	$ 5,739,879	$ 31,747,197	$ 37,487,076

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

Note 23. Public-Private Partnerships

In accordance with SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements*, the BOP maintains Public-Private Partnerships with energy service companies through energy savings performance contracts (ESPC). An ESPC allows federal agencies to procure energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. An ESPC is a partnership between an agency and an energy service company (ESCO), with authority provided by 42 U.S.C. § 8287(b)(1)(A); 10 C.F.R. § 436.30(a).

The average length of an ESPC is 17 years, but may not exceed 25 years. Term length depends on the scope of work performed by the ESCO and the nature of energy upgrades required by the institution. Annual payments made to the ESCO are tied to the energy savings guaranteed for the project and validated by the ESCO through the annual measurement and verification activity plan. Unless otherwise stipulated in the payment schedules or amended by a procurement action, payments are applied to principal, interest expense, and operational expense. By contrast, Note 15 includes only liabilities related to principal payments.

As with all property acquisitions, the BOP assumes the inherent risk of maintaining the asset through its expected useful life. There may be additional risks of costs associated with asset ownership or control should those assets require maintenance beyond traditional wear and tear and outside the contractual scope of work. Likewise, private partners may assume added risk given the length of the contracts and may incur substantial financing liabilities in the delivery of performance measures. In addition, the BOP may elect to terminate individual contracts with a lump sum payment predetermined within the contract and as approved by the ESCO.

The schedule of actual and estimated payments, is presented in the following table.

As of September 30, 2020

Agreements/Contracts	Actual Amount Paid	Estimated Amount to be paid
ESPCs	$ 90,597	$ 724,190

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

Note 24. COVID-19 Activity

The Department received $1 billion in Coronavirus Preparedness and Response Supplemental Appropriations Act funding in FY 2020 to assist state, local, and tribal officers in responding to coronavirus, enhance the Bureaus of Prisons inmates' medical care, safe return of law enforcement stationed abroad, and improvement of department-wide enhanced telework capabilities. $2.0 million of this funding was provided to the Department's Office of the Inspector General for oversight activities related to COVID-19 funding. Other COVID-19 budgetary resources relates to the Department's entities that used their FY 2020 non-COVID budgetary resources to prevent, prepare for, or respond to COVID-19 pandemic.

The OJP's Coronavirus Emergency Supplemental Funding (CESF) Program is being administered through the Bureau of Justice Assistance. These funds are being distributed through formula and discretionary grant programs. Approximately $850 million is available through the CESF program to help public safety agencies address the COVID-19 pandemic. To date, 1,819 awards have been made through the CESF program, totaling more than $846 million.

The BOP's Coronavirus response has been coordinated using the Incident Command System (ICS) framework. The BOP is utilizing the guidance and directives from the World Health Organization (WHO), the Centers for Disease Control (CDC), the Office of Personnel Management (OPM), DOJ and the Office of the Vice President in developing and coordinating the response to the coronavirus. The $100 million Coronavirus Preparedness and Response Supplemental Appropriations Act funding received by BOP, along with funding from the S&E appropriation, has been used to cover costs associated with the COVID-19 response.

The COVID-19 supplemental funding received by the Department's DEA, FBI, Justice Information Sharing Technology, US Attorneys, and USMS amounted to $50 million. The funding will be used for personal protective equipment and necessary supplies; clean work environments; and enhanced telework capabilities.

Summarized financial information about the Department's COVID-19 budgetary resources, obligations incurred, and the remaining fund balance is presented below:

As of September 30, 2020

Budgetary Activities	Total
Supplemental Appropriated Funds Received	$ 1,007,000
Other COVID-19 Budgetary Resources	229,313
Total Budgetary Resources	1,236,313
Less: Obligations Incurred	1,229,766
Budgetary Resources Remaining Available	$ 6,547

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process

To prepare the Financial Report of the U.S Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the Department of Justice financial statements and the Department of Justice reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

FY 2020 Department of Justice Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet				
Financial Statement Line	**Amounts**	**Dedicated Collections`**	**All Other Amounts**	**Eliminations**	**Total**	**Reclassified Financial Statement Line**
ASSETS						**ASSETS**
Intragovernmental Assets						**Intragovernmental Assets**
Fund Balance with Treasury	$ 34,076,057	$ 12,375,673	$ 21,700,384	$ -	$ 34,076,057	Fund Balance with Treasury
Investments	5,013,918	3,547,870	1,465,623	-	5,013,493	Federal Investments
		-	425	-	425	Interest Receivable - Investments
Total Investments	**5,013,918**	**3,547,870**	**1,466,048**	-	**5,013,918**	**Total Reclassified Investments**
Accounts Receivable	766,591	19,430	819,645	(287,450)	551,625	Accounts Receivable, net
		-	214,966	-	214,966	Transfers Receivable
Total Accounts Receivable	**766,591**	**19,430**	**1,034,611**	**(287,450)**	**766,591**	**Total Reclassified Accounts Receivable**
Other Assets	173,465	58,252	117,672	(2,535)	173,389	Advances to Others and Prepayments
			76		76	Receivables from Appropriations
Total Other	**173,465**	**58,252**	**117,748**	**(2,535)**	**173,465**	**Total Reclassified Other**
Total Intragovernmental Assets	**40,030,031**	**16,001,225**	**24,318,791**	**(289,985)**	**40,030,031**	**Total Intragovernmental Assets**
Cash and Other Monetary Assets	1,341,558	-	1,341,558	-	1,341,558	Cash and Other Monetary Assets
Accounts Receivable, Net	181,553	135,838	45,715	-	181,553	Accounts Receivable, Net
Inventory and Related Property, Net	251,940	127,234	230,714	-	357,948	Inventory and Related Property, Net
Forfeited Property, Net - Public	106,008					
General PP&E, Net	8,855,461	32,074	8,823,387	-	8,855,461	General PP&E, Net
Advances and Prepayments - Public	696,605	2,981	696,713	-	699,694	Other Assets - Public
Other Assets - Public	3,089					
Total Assets	**$ 51,466,245**	**$ 16,299,352**	**$ 35,456,878**	**$ (289,985)**	**$ 51,466,245**	**Total Assets**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2020 Department of Justice Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet				
Financial Statement Line	**Amounts**	**Dedicated Collections`**	**All Other Amounts**	**Eliminations**	**Total**	**Reclassified Financial Statement Line**
LIABILITIES						**LIABILITIES**
Intragovernmental Liabilities						**Intragovernmental Liabilities**
Accounts Payable - Intra	$ 407,931	$ 145,103	$ 555,207	$ (287,450)	$ 412,860	Accounts Payable
Accrued FECA Liabilities - Intra	280,834	9,816	471,812	-	481,628	Benefit program contributions payable
Custodial Liabilities - Intra	1,066,754	7	1,077,894	-	1,077,901	Liability to agency other than the General Fund of the U.S. Government for custodial and other non-entity assets
Other Liabilities - Intra	527,121	-	268,565	(2,535)	266,030	Liability for Advances and Prepayments
		937	43,284	-	44,221	Other Liabilities (without reciprocals)
Total Intragovernmental Liabilities	**$ 2,282,640**	**$ 155,863**	**$ 2,416,762**	**$ (289,985)**	**$ 2,282,640**	**Total Intragovernmental Liabilities**
Accounts Payable	3,627,484	2,017,019	1,610,465	-	3,627,484	Accounts Payable
Environmental and Disposal Liabilities	76,951	-	76,951	-	76,951	Environmental and Disposal Liabilities
Federal Employee and Veteran Benefits	1,653,281	3,083	1,650,198	-	1,653,281	Federal Employee and Veteran Benefits Payable
Accrued Payroll and Benefits	656,412	657	26,639	-	27,296	Federal Employee and Veteran Benefits Payable
Accrued Annual and Compensatory Leave Liabilities	1,126,187	40,719	1,079,884	-	1,120,603	Federal Employee and Veteran Benefits Payable
Accrued Grant Liabilities	625,785					
Deferred Revenue	740,123					
Seized Cash and Monetary Instruments	2,429,647					
Contingent Liabilities	91,128	1,181,227	7,195,578	-	8,376,805	Other Liabilities
Radiation Exposure Compensation Act Liabilities	102,395					
September 11th Victim Compensation Fund Liabilities	3,023,169					
United States Victims of State Sponsored Terrorism Act Liabilities	146,201					
Other Liabilities	583,657					
Total with the public	**$ 14,882,420**	**$ 3,242,705**	**$ 11,639,715**	**$ -**	**$ 14,882,420**	**Total with the public**
Total Liabilities	**$ 17,165,060**	**$ 3,398,568**	**$ 14,056,477**	**$ (289,985)**	**$ 17,165,060**	**Total Liabilities**
NET POSITION						**NET POSITION**
Unexpended Appropriations – Funds from Dedicated Collections	$ 2,877	$ 2,877	$ -	$ -	$ 2,877	Unexpended Appropriations – Funds from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections	12,897,907	12,897,907	-	-	12,897,907	Cumulative Results of Operations – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds	16,619,046	-	16,619,046	-	16,619,046	Unexpended Appropriations – All Other Funds
Cumulative Results of Operations – All Other Funds	4,781,355	-	4,781,355	-	4,781,355	Cumulative Results of Operations – All Other Funds
Total Net Position	**$ 34,301,185**	**$ 12,900,784**	**$ 21,400,401**	**$ -**	**$ 34,301,185**	**Total Net Position**
Total Liabilities & Net Position	**$ 51,466,245**	**$ 16,299,352**	**$ 35,456,878**	**$ (289,985)**	**$ 51,466,245**	**Total Liabilities & Net Position**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2020 Department of Justice Statement of Net Cost		Line Items Used to Prepare FY 2020 Government-wide Statement of Net Cost				
Financial Statement Line	**Amounts**	**Dedicated Collections**	**All Other Amounts**	**Eliminations**	**Total**	**Reclassified Financial Statement Line**
Non-Federal Costs						**Non-Federal Costs**
Non-Federal Gross Cost	$ 32,038,020	$ 4,948,551	$ 27,089,469	$ -	$ 32,038,020	Non-Federal Gross Cost
Total Non-Federal Costs	**32,038,020**	**4,948,551**	**27,089,469**	-	**32,038,020**	**Total Non-Federal Costs**
Intragovernmental Costs						**Intragovernmental Costs**
	9,103,078	$ 150,573	$ 4,063,703	$ -	$ 4,214,276	Benefit program costs
		30,958	805,622	(17,091)	819,489	Imputed costs
		589,987	3,931,638	(1,139,180)	3,382,445	Buy/sell cost
		-	173,576	-	173,576	Purchase of Other Assets
		-	71	-	71	Borrowing and other interest expense
		-	(173,576)	-	(173,576)	Purchase of assets offset (RC 24) / 2
		17,618	669,179	-	686,797	Other expenses
Total Intragovernmental Costs	**9,103,078**	**789,136**	**9,470,213**	**(1,156,271)**	**9,103,078**	**Total Intragovernmental Costs**
Total Gross Costs	**$ 41,141,098**	**$ 5,737,687**	**$ 36,559,682**	**$ (1,156,271)**	**$ 41,141,098**	**Total Reclassified Gross Costs**
Non-Federal Earned Revenue						**Non-Federal Earned Revenue**
Non-Federal Earned Revenue	1,891,291	1,211,130	680,161	-	1,891,291	Non-Federal Earned Revenue
Total Non-Federal Earned Revenue	**1,891,291**	**1,211,130**	**680,161**	-	**1,891,291**	**Total Non-Federal Earned Revenue**
Intragovernmental Revenue						**Intragovernmental Revenue**
	1,247,676	14,336	2,367,562	(1,139,180)	1,242,718	Buy/sell revenue (exchange) (RC 24) - Footnote 2
		906	4,052	-	4,958	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
Total Intragovernmental Earned Revenue	1,247,676	15,242	2,371,614	(1,139,180)	1,247,676	**Total Intragovernmental Earned Revenue**
Total Earned Revenue	**$ 3,138,967**	**$ 1,226,372**	**$ 3,051,775**	**$ (1,139,180)**	**$ 3,138,967**	**Total Reclassified Earned Revenue**
Net Cost	**$ 38,002,131**	**$ 4,511,315**	**$ 33,507,907**	**$ (17,091)**	**$ 38,002,131**	**Net Cost**
Exchange Statement of Custodial Activity						**Exchange Statement of Custodial Activity**
Exchange Custodial Collections from SCA	**$ 15,519**	$ -	**$ 15,519**	$ -	**$ 15,519**	**Miscellaneous Earned Revenues**
Total Exchange Custodial Collections	**$ 15,519**	$ -	**$ 15,519**	$ -	**$ 15,519**	Total Reclassified Exchange Custodial Collections
Disposition of Exchange Custodial Collections from SCA	(15,519)	-	(15,519)	-	(15,519)	Non-Entity Custodial Collections Transferred to the General Fund
Total Disposition of Exchange Custodial Collections	**$ (15,519)**	$ -	**$ (15,519)**	$ -	**$ (15,519)**	**Total Reclassified Disposition of Custodial Collections**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2020 Department of Justice SCNP		Line Items Used to Prepare FY 2020 Government-wide SCNP				
Financial Statement Line	**Amounts**	**Dedicated Collections**	**All Other Amounts**	**Eliminations**	**Total**	**Reclassified Financial Statement Line**
Unexpended Appropriations, Beginning Balance	**$ 16,097,423**	**$ 53,764**	**$ 16,043,659**	**$ -**	**$ 16,097,423**	**Unexpended Appropriations, Beginning Balance**
Appropriations Received	33,762,221	65,182	33,697,039	-	33,762,221	Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1
Appropriations Transferred In/Out	948,064	-	1,642,422	(536,783)	1,105,639	Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) /1
		-	(694,358)	536,783	(157,575)	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) /1
Other Adjustments	(216,466)	-	(216,466)	-	(216,466)	Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1
Appropriations Used	(33,969,319)	(116,069)	(33,853,250)	-	(33,969,319)	Appropriations used (RC 39)
Total Budgetary Financing Sources	**524,500**	**(50,887)**	**575,387**	**-**	**524,500**	**Total Reclassified Budgetary Financing Sources**
Total Unexpended Appropriations	**$ 16,621,923**	**$ 2,877**	**$ 16,619,046**	**$ -**	**$ 16,621,923**	**Total Reclassified Unexpended Appropriations**
Cumulative Results of Operation						**Cumulative Results of Operation**
Cumulative Results, Beginning Balance	**$ 18,658,177**	**$ 15,399,181**	**$ 3,258,996**	**$ -**	**$ 18,658,177**	**Cumulative Results, Beginning Balance**
Other Budgetary Financing Sources						**Other Budgetary Financing Sources**
Appropriations expended	33,969,319	116,069	33,853,250	-	33,969,319	Appropriations expended (RC 38) - Footnote 1
						Non-Federal Non-Exchange Revenues
Non-Exchange Revenues	583,068	504,170	172	-	504,342	Other taxes and receipts
		504,170	172	-	504,342	**Total Non-Federal Non-Exchange Revenues**
						Intragovernmental Non-Exchange Revenue
		78,726	-	-	78,726	Federal Securities Interest Revenue, including Associated Gains/Losses (Non-Exchange)
		78,726	-	-	78,726	**Total Intragovernmental Non-Exchange Revenue**
Donations and Forfeitures of Cash and Cash Equivalents	1,179,995	1,179,990	5	-	1,179,995	Other taxes and receipts
Transfers In/Out w/o Reimbursement – Budgetary	(78,954)	16,996	135,831	(45,454)	107,373	Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) Footnote 1
		(472,102)	(45,244)	45,454	(471,892)	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) Footnote 1
		-	350,565	(65,000)	285,565	Expenditure transfers-in of Financing Sources
			(65,000)	65,000	-	Expenditure transfers-out of Financing Sources
Other Adjustments	(141)	-	(141)	-	(141)	Revenue and Other Financing Sources - Cancellations (RC 36)
Other Financing Sources						**Other Financing Sources**
Donations and Forfeitures of Property	565,757	565,757	-	-	565,757	Other taxes and receipts
Transfers-In/Out Without Reimbursement	(592)	-	306,727	(10,888)	295,839	Transfers-in without reimbursement (RC 18) - Footnote 1
		(4,780)	(302,539)	10,888	(296,431)	Transfers-out without reimbursement (RC 18) - Footnote 1
Imputed Financing	819,489	30,957	805,623	(17,091)	819,489	Imputed financing sources (RC 25) - Footnote 1
Other Financing Sources	(14,725)	(5,738)	(9,083)	-	(14,821)	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		(4)	100	-	96	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
Total Financing Sources	**$ 37,023,216**	**$ 2,010,041**	**$ 35,030,266**	**$ (17,091)**	**$ 37,023,216**	**Total Financing Sources**
Net Cost of Operations	(38,002,131)	(4,511,315)	(33,507,907)	17,091	(38,002,131)	Net Cost of Operations
Net Change	(978,915)	(2,501,274)	1,522,359	-	(978,915)	Net Change
Ending Balance – Cumulative Results of Operations	**$ 17,679,262**	**$ 12,897,907**	**$ 4,781,355**	**$ -**	**$ 17,679,262**	**Ending Balance – Cumulative Results of Operations**
Total Net Position	**$ 34,301,185**	**$ 12,900,784**	**$ 21,400,401**	**$ -**	**$ 34,301,185**	**Total Net Position**
Statement of Custodial Activity						**Statement of Custodial Activity**
Non-Exchange Custodial Collections from the SCA	$ 14,005,785	$ -	$ 14,005,785	$ -	$ 14,005,785	Other Taxes and Receipts
Total Non-Exchange Custodial Collections	**$ 14,005,785**	**$ -**	**$ 14,005,785**	**$ -**	**$ 14,005,785**	**Total Reclassified Non-Exchange Custodial Collections**
Disposition of Non-Exchange Custodial Collections from the SCA	(14,005,785)	-	(9,329,509)	-	(9,329,509)	Custodial Collections Transferred to a TAS Other than the General Fund
		-	(4,606,825)	-	(4,606,825)	Non-Entity Custodial Collections Transferred to the General Fund
		-	867,020	-	867,020	Accrual for Custodial Collections Yet to be Transferred to a TAS Other than the General Fund
		-	(936,471)	-	(936,471)	Other Taxes and Receipts
Total Disposition of Non-Exchange Custodial Collections	**$ (14,005,785)**	**$ -**	**$ (14,005,785)**	**$ -**	**$ (14,005,785)**	**Total Reclassified Disposition of Non-Exchange Custodial Collections**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2019 U.S. Department of Justice Balance Sheet		Line Items Used to Prepare the FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS:			**ASSETS:**
Intragovernmental Assets:			**Intragovernmental Assets:**
FBWT	$ 39,379,340	$ 39,379,340	FBWT
Investments, Net	3,665,946	3,665,440	Federal Investments
		506	Interest Receivable – Investments
Accounts Receivable, Net	659,563	436,804	Accounts Receivable
		222,778	Transfers Receivable
Other assets	157,082	156,971	Advances to Others and Prepayments
		92	Other assets
Total Intra-Governmental Assets	**$ 43,861,931**	**$ 43,861,931**	**Total Intra-Governmental Assets**
Non-Federal Assets			**Non-Federal Assets**
Cash and Other Monetary Assets	$ 2,409,814	$ 2,409,814	Cash and Other Monetary Assets
Accounts Receivable, Net	168,927	168,927	Accounts and Taxes Receivable, Net
Inventory and Related Property, Net	144,608	281,383	Inventory and Related Property, Net
General PP&E, Net	8,715,749	8,715,749	PP&E, Net
Other – Forfeited Property	136,774		Other Assets
Other – Advances and Prepayments	327,308	330,841	Advances and Prepayments
Other Assets	3,534		
Total Non-Federal Assets	**$ 11,906,714**	**$ 11,906,714**	**Total Non-Federal Assets**
Total Assets	**$ 55,768,645**	**$ 55,768,645**	**Total Assets**
LIABILITIES			**LIABILITIES**
Intragovernmental Liabilities:			**Intragovernmental Liabilities:**
Accounts Payable	$ 402,790	$ 413,388	Accounts Payable
Other – Advances and Deferred Revenue		213,395	Advances from Others and Deferred Credits
Other – Accrued FECA	279,206		
Other – Custodial Liability	1,907,412	1,906,490	Liability to the GF for Custodial and Other Non-Entity Assets
Other Liabilities	411,631	435,762	Benefit Program Contributions Payable
		3,127	Other liabilities
		28,877	Other liabilities
Total Intra-Governmental Liabilities	**$ 3,001,039**	**$ 3,001,039**	**Total Intra-Governmental Liabilities**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

Non-Federal Liabilities			**Non-Federal Liabilities**
Accounts Payable	4,238,855	4,238,854	Accounts Payable
Federal Employee and Veteran Benefits	1,811,346	1,832,925	Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities	75,881	75,881	Environmental and Disposal Liabilities
Accrued Payroll and Benefits	532,909	11,864,346	Other Liabilities
Accrued Annual and Compensatory Leave Liability	959,989		
Contingent Liabilities	69,775		
Deferred Revenue	761,873		
Other - Accrued Grant Liabilities	843,398		
Seized Cash and Monetary Instruments	2,477,002		
Radiation Exposure Compensation Act Liabilities	174,659		
September 11th VCF Liabilities	4,316,410		
VSST Act Liabilities	1,166,312		
Other Liabilities	583,597		
Total Non-Federal Liabilities	**$ 18,012,006**	**$ 18,012,006**	**Total Non-Federal Liabilities**
Total Liabilities	**$ 21,013,045**	**$ 21,013,045**	**Total Liabilities**
NET POSITION			**NET POSITION**
Unexpended Appropriations – Funds from Dedicated Collections	53,764	53,764	Net Position – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds	16,043,659	16,043,659	Net Position – Funds Other than those from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections	15,399,181	15,399,181	Net Position – Funds from Dedicated Collections
Cumulative Results of Operations – All Other Funds	3,258,996	3,258,996	Net Position – Funds Other than those from Dedicated Collections
Total Net Position	$ 34,755,600	$ 34,755,600	Total Net Position
Total Liabilities & Net Position	**$ 55,768,645**	**$ 55,768,645**	**Total Liabilities & Net Position**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2019 U.S. Department of Justice Statement of Net Cost		Line Items Used to Prepare the FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Gross Costs	$ 42,799,927	$ 34,009,543	Non-Federal Costs
		3,751,785	Benefit Program Costs
		1,051,359	Imputed Costs
		3,332,863	Buy/Sell Costs
		137,258	Purchase of Assets
		67	Borrowing and Other Interest Expense
		654,310	Other Expenses (w/o Reciprocals)
		(137,258)	Purchase of Assets Offset
Total Gross Costs	**$ 42,799,927**	**$ 42,799,927**	**Total Gross Costs**
Earned Revenue	$ 2,999,584	$ 1,620,341	Non-Federal Earned Revenue
		1,239,426	Buy/Sell Revenue
		10,232	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		129,585	Collections Transferred in to a TAS Other than the General Fund - Exchange
Total Earned Revenue	**$ 2,999,584**	**$ 2,999,584**	**Total Earned Revenue**
Net Cost of Operations	**$ 39,800,343**	**$ 39,800,343**	**Net Cost of Operations**
Statement of Custodial Activity - Exchange			
Exchange Custodial Collections from the SCA	$ 19,470	$ 19,470	Miscellaneous Earned Revenues
Disposition of Exchange Custodial Collections from the SCA	(19,470)	(17,406)	Custodial Collections for Others Transferred to the General Fund
		(2,064)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Total Disposition of Exchange Custodial Collection	**$ (19,470)**	**$ (19,470)**	**Total Reclassified Disposition of Custodial Collections**

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

Note 25. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2019 U.S. Department of Justice Statement of Changes in Net Position		Line Items Used to Prepare the FY 2019 Government-wide Statement of Operations and Changes in the Net Position	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			**UNEXPENDED APPROPRIATIONS**
Unexpended Appropriations, Beginning Balance	**$ 16,338,398**	**$ 16,338,398**	**Net Position, Beginning of Period**
Appropriations Received	31,354,708	31,354,708	Appropriations received as adjusted
Other Adjustments	(168,329)	(168,329)	Appropriations received as adjusted
Appropriations Transferred In/Out	970,698	1,069,872	Non-expenditure transfers-in of unexpended appropriations and financing sources
		(99,174)	Non-expenditure transfers-out of unexpended appropriations and financing sources
Total Appropriations Transferred In/Out	970,698	970,698	Total Reclassified Appropriations Transferred In/Out
Appropriations Used	(32,398,052)	(32,398,052)	Appropriations used
Total Unexpended Appropriations	**$ 16,097,423**	**$ 16,097,423**	**Net Position, End of Period**
CUMULATIVE RESULTS OF OPERATIONS			**CUMULATIVE RESULTS OF OPERATIONS**
Cumulative Results, Beginning Balance	**$ 22,255,870**	**$ 22,255,870**	**Net Position, Beginning of Period**
Other Adjustments	(903,236)	(903,236)	Collections for others transferred to the General Fund of the U.S. Government
Appropriations Used	32,398,052	32,398,052	Appropriations Expended
Non-Exchange Revenues	909,202	497,066	Other Taxes and Receipts
		169,030	Federal Securities Interest Revenue, including Associated Gains/Losses
		11	Borrowings and Other Interest Revenue
		243,095	Collections transferred into a TAS Other Than the General Fund of the U.S. Government
Total Non-Exchange Revenues	909,202	909,202	Total Reclassified Non-Exchange Revenues
Donations and Forfeitures of Cash and Cash Equivalents	2,515,615	2,515,615	Other Taxes and Receipts
Transfers In/Out w/o Reimbursement – Budgetary	(119,250)	983,638	Non-expenditure transfers-in of unexpended appropriations and financing sources
		(1,410,301)	Non-expenditure transfers-out of unexpended appropriations and financing sources
		307,413	Expenditure transfers-in of financing sources
Total Transfers-In/Out w/o Reimbursement – Budgetary	**(119,250)**	**(119,250)**	**Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary**
Donations and Forfeitures of Property	360,258	360,258	Other Taxes and Receipts (Non-Federal)
Transfers In/Out Without Reimbursement	1,554	4,076,739	Transfers-in without reimbursement
		(4,075,185)	Transfers-out without reimbursement
Imputed Financing	1,051,358	1,051,358	Imputed financing sources
Other Financing Sources	(10,903)	(10,342)	Non-entity collections transferred to the General Fund of the U.S. Government
		(561)	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government
Total Financing Sources	**$ 36,202,650**	**$ 36,202,650**	**Total Financing Sources**
Net Cost of Operations	**(39,800,343)**	**(39,800,343)**	**Net Cost of Operations**
Net Change	**(3,597,693)**	**(3,597,693)**	**Net Change**
Ending Balance – Cumulative Results of Operations	**$ 18,658,177**	**$ 18,658,177**	**Net Position – Ending Balance Cumulative Results**
Total Net Position	**$ 34,755,600**	**$ 34,755,600**	**Total Net Position**
Statement of Custodial Activity - Non-Exchange			**Non-Exchange Statement of Custodial Activity**
Non-Exchange Custodial Collections from the SCA	**$ 9,622,363**	**$ 9,622,363**	**Other Taxes and Receipts**
Total Reclassified Non-Exchange Custodial Collections	$ 9,622,363	$ 9,622,363	Total Reclassified Non-Exchange Custodial Collections
Disposition of Non-Exchange Custodial Collections from the SCA	(9,622,363)	(4,666,474)	Custodial Collections Transferred to a TAS Other than the General Fund
		(181,720)	Accrual for Custodial Collections Yet to be Transferred to a TAS Other than the General Fund
		(4,369,086)	Non-Entity Custodial Collections Transferred to the General Fund
		(405,083)	Other Taxes and Receipts
Total Disposition of Non-Exchange Custodial Collections	**$ (9,622,363)**	**$ (9,622,363)**	**Total Reclassified Disposition of Non-Exchange Custodial Collections**

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

Note 26. Compensation Funds

Radiation Exposure Compensation Act
On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 note (2012), providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department and published in the Federal Register on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award.

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes include new claimant populations, additional compensable diseases, lower radiation exposure thresholds, modified medical documentation requirements, and removal of certain disease restrictions. Pursuant to the 2000 Amendments, the Department was directed to issue implementing regulations. The Department published two related rulemakings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rulemakings. Therefore, the Department published a “final” rule in the Federal Register on March 23, 2004, which went into effect on April 22, 2004.

There are now five categories of claimants: uranium miners, uranium millers, ore transporters, downwinders, and onsite participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

The enactment of two pieces of legislation changed the funding sources for RECA claimants. The National Defense Authorization Act for FY 2005 requires that RECA Section 5 claimants (uranium miners, millers, and ore transporters) be paid out of the Department of Labor’s (Labor) Energy Employees Occupational Illness Compensation Fund. The RECA Section 5 liability of $316,993 as of March 30, 2004, was transferred to Labor during FY 2005. The RECA Fund began exclusively paying RECA Section 4 claimants (downwinders and on-site participants) in FY 2005. The Consolidated Appropriations Act for 2005, contains language that made funding for the RECA Trust Fund mandatory and indefinite beginning in FY 2006.

The OBDs recognized liabilities of $102,395 and $174,659 for estimated future benefits payable by the Department as of September 30, 2020 and 2019, respectively, from FY 2020 through FY 2023. The estimated liability is based on activity between FYs 2007-2019. Key factors in determining future liability include trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved.

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

Note 26. Compensation Funds (continued)

United States Victims of State Sponsored Terrorism Fund
The Consolidated Appropriations Act of 2016, Public Law 114-113 ("Justice for United States Victims of State Sponsored Terrorism Act"), codified at 34 U.S.C. § 20144 (formerly codified at 42 U.S.C. § 10609) (2015) (the "Act"), established the U.S. Victims of State Sponsored Terrorism Fund ("USVSST Fund") to provide compensation to individuals harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSST Fund awards compensation to victims who have final judgments issued under the Foreign Sovereign Immunities Act by U.S. district courts against a state sponsor of terrorism, as well as to hostages held at the U.S. Embassy in Tehran, Iran from November 4, 1979 through January 20, 1981, and their spouses and children.

The Act mandates that certain forfeiture proceeds, penalties, and fines be deposited into the USVSST Fund if forfeited or paid to the United States after the date of the Act's enactment, December 18, 2015. The forfeiture proceeds, penalties, and fines qualify for deposit in the USVSST Fund if they result from criminal and civil cases and administrative actions involving prohibited transactions with state sponsors of terrorism or related conspiracies or federal offenses.

As of September 30, 2020 and September 30, 2019, the USVSST Fund recognized liabilities for future claims amounted to $146.2 million and $1.166 billion, respectively.

September 11th Victim Compensation Fund
On December 18, 2015, the James Zadroga 9/11 Health and Compensation Act of 2010 was reauthorized (Reauthorized Zadroga Act, Public Law 114-113), extending the September 11th Victim Compensation Fund (VCF) for 5 years. The Reauthorized Zadroga Act extended the time for individuals to submit new claims – as well as amendments on existing claims – until December 18, 2020, and increased total funding by an additional $4,600,000. The additional funding became available in October 2016. The Reauthorized Zadroga Act also made changes to the method in which the fund calculates awards for claimants receiving award determination letters dated on or after December 17, 2015. This included limiting the amount of non-economic loss that could be awarded, eliminating claims for future out-of-pocket medical expenses, and capping the gross annual income level that can be used when calculating future economic loss.

On July 29, 2019, the President signed into law The Never Forget the Heroes: James Zadroga, Ray Pfeifer, and Luis Alvarez Permanent Authorization of the September 11th Victim Compensation Fund. The VCF Permanent Authorization Act extends the VCF's claim filing deadline from December 18, 2020, to October 1, 2090, and appropriates such funds as may be necessary to pay all approved claims.

The VCF meets the criteria of a government-acknowledged event as defined by FASAB SFFAS No.5, *Accounting for Liabilities of the Federal Government*. The OBDs recognized liabilities of $3.023 billion and $4.316 billion for estimated future benefits payable by the Department as of September 30, 2020 and 2019. In accordance with SFFAS No. 5, the September 30, 2020 liability for non-exchange transactions is based on unreported amounts due or estimated amount of claimants that will meet the eligibility criteria submitted by September 30, 2020.

Note 26. Compensation Funds (continued)

The Department recognizes there are uncertainties that will influence future claims submitted beyond those submitted by September 30, 2020 including:

- Determining the ultimate number of individuals impacted by the events of September 11, 2001, and the number that will seek treatment and file a claim seeking compensation for injury or death.

- Determining the number of individuals who will die as a result of a 9/11-related illness.

- Determining the future cancer incidence rates in the affected population.

- Future conditions approved by the WTC Health program: the WTC Health Program conducts ongoing research into conditions that may be presumptively tied to an individual's exposure. Should new conditions be added to the WTC Health Program's list of conditions, these same conditions will be added to the VCF's list of conditions eligible for compensation. The WTC Health Program is currently conducting research in several areas, including autoimmune disorders and cardiac disease. The addition of one or more new conditions could open the VCF to claims from an entirely new population of individuals or amendments from current claimants suffering from a new condition or a loss tied to a new condition.

- Ability to amend a claim at any point until October 1, 2090: the VCF allows a claimant to amend a claim at any time if the individual is certified for a new condition, suffers a new loss (such as a new disability), or dies of an eligible condition after previously being compensated on a personal injury claim.

Required Supplementary Information
Unaudited

See Independent Auditors' Report

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and (Note 20)	$ 1,242,130	$ 205,184	$ 1,222,382	$ 561,367	$ 2,247,284	$ 211,624	$ 5,225,944	$ 688,668	$ 249,748	$ 11,854,331
Appropriations (discretionary and mandatory)	1,765,276	1,400,435	7,878,000	2,741,909	9,903,407	-	6,342,484	5,248,770	3,944,907	39,225,188
Spending Authority from Offsetting Collections (discretionary and mandatory)	17,551	89,373	353,431	29,301	1,065,926	615,306	2,523,162	216,302	89,322	4,999,674
Total Budgetary Resources	$ 3,024,957	$ 1,694,992	$ 9,453,813	$ 3,332,577	$ 13,216,617	$ 826,930	$ 14,091,590	$ 6,153,740	$ 4,283,977	$ 56,079,193
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 1,867,172	$ 1,507,008	$ 7,972,347	$ 3,007,276	$ 11,110,687	$ 735,919	$ 11,962,442	$ 5,711,220	$ 4,108,216	$ 47,982,287
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,152,322	155,607	1,061,270	274,540	1,892,507	-	1,617,222	416,846	120,534	6,690,848
Exempt from Apportionment, Unexpired Accounts	-	-	51,945	-	-	91,011	-	-	-	142,956
Unapportioned, Unexpired Accounts	5,463	18,621	-	109	2,472	-	270,311	25,674	-	322,650
Unexpired Unobligated Balance, End of Year	1,157,785	174,228	1,113,215	274,649	1,894,979	91,011	1,887,533	442,520	120,534	7,156,454
Expired Unobligated Balance, End of Year	-	13,756	368,251	50,652	210,951	-	241,615	-	55,227	940,452
Unobligated Balance - End of Year (Total)	1,157,785	187,984	1,481,466	325,301	2,105,930	91,011	2,129,148	442,520	175,761	8,096,906
Total Status of Budgetary Resources	**$ 3,024,957**	**$ 1,694,992**	**$ 9,453,813**	**$ 3,332,577**	**$ 13,216,617**	**$ 826,930**	**$ 14,091,590**	**$ 6,153,740**	**$ 4,283,977**	**$ 56,079,193**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,364,053	$ 1,352,273	$ 7,675,619	$ 2,812,491	$ 9,822,566	$ 87,011	$ 8,367,725	$ 5,029,403	$ 3,852,557	$ 41,363,698
Less: Distributed Offsetting Receipts	89,062	236	7,489	427,631	3	-	393,346	-	519	918,286
Agency Outlays, Net (discretionary and mandatory)	**$ 2,274,991**	**$ 1,352,037**	**$ 7,668,130**	**$ 2,384,860**	**$ 9,822,563**	**$ 87,011**	**$ 7,974,379**	**$ 5,029,403**	**$ 3,852,038**	**$ 40,445,412**

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 20)	$ 1,272,275	$ 225,049	$ 1,027,361	$ 597,614	$ 2,498,401	$ 177,127	$ 6,237,712	$ 903,809	$ 311,126	$ 13,250,474
Appropriations (discretionary and mandatory)	1,498,726	1,316,999	7,542,400	2,709,531	9,455,067	-	6,958,889	4,909,901	3,613,553	38,005,066
Spending Authority from Offsetting Collections (discretionary and mandatory)	19,021	66,737	379,792	35,601	1,151,339	717,578	2,337,382	282,875	82,143	5,072,468
Total Budgetary Resources	$ 2,790,022	$ 1,608,785	$ 8,949,553	$ 3,342,746	$ 13,104,807	$ 894,705	$ 15,533,983	$ 6,096,585	$ 4,006,822	$ 56,328,008
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 1,618,355	$ 1,414,019	$ 7,755,047	$ 2,896,820	$ 11,028,402	$ 683,081	$ 10,788,563	$ 5,667,422	$ 3,853,059	$ 45,704,768
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	394,334	182,031	809,529	425,384	1,768,373	-	3,432,896	386,468	125,844	7,524,859
Exempt from Apportionment, Unexpired Accounts	-	-	48,345	-	-	211,624	-	-	-	259,969
Unapportioned, Unexpired Accounts	777,333	-	-	-	25,410	-	1,067,962	42,695	-	1,913,400
Unexpired Unobligated Balance, End of Year	1,171,667	182,031	857,874	425,384	1,793,783	211,624	4,500,858	429,163	125,844	9,698,228
Expired Unobligated Balance, End of Year	-	12,735	336,632	20,542	282,622	-	244,562	-	27,919	925,012
Unobligated Balance - End of Year (Total)	1,171,667	194,766	1,194,506	445,926	2,076,405	211,624	4,745,420	429,163	153,763	10,623,240
Total Status of Budgetary Resources	**$ 2,790,022**	**$ 1,608,785**	**$ 8,949,553**	**$ 3,342,746**	**$ 13,104,807**	**$ 894,705**	**$ 15,533,983**	**$ 6,096,585**	**$ 4,006,822**	**$ 56,328,008**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,408,564	$ 1,319,709	$ 7,158,542	$ 2,703,522	$ 9,353,329	$ (66,603)	$ 8,015,911	$ 3,923,377	$ 3,619,947	$ 38,436,298
Less: Distributed Offsetting Receipts	180,142	276	1,448	426,620	5	-	340,569	-	162	949,222
Agency Outlays, Net (discretionary and mandatory)	**$ 2,228,422**	**$ 1,319,433**	**$ 7,157,094**	**$ 2,276,902**	**$ 9,353,324**	**$ (66,603)**	**$ 7,675,342**	**$ 3,923,377**	**$ 3,619,785**	**$ 37,487,076**

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Other Information
Unaudited

See Independent Auditors' Report on the Financial Statements

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	$ 299,087	$ 444,576	$ 2,659,338	$ 1,031,107	$ 5,034,741	$ 13,305	$ 6,475,052	$ 17,022,367	$ 1,096,484	$ -	$ 34,076,057
Investments	4,402,946	-	-	-	-	286,048	324,924	-	-	-	5,013,918
Accounts Receivable	19,428	32,543	2,915	3,897	407,594	34,294	534,315	12,351	6,704	(287,450)	766,591
Other Assets	-	76	6,632	33,746	32,501	-	1,297	101,748	-	(2,535)	173,465
Total Intragovernmental	4,721,461	477,195	2,668,885	1,068,750	5,474,836	333,647	7,335,588	17,136,466	1,103,188	(289,985)	40,030,031
Cash and Other Monetary Assets	1,184,697	12,573	444	25,801	117,992	-	51	-	-	-	1,341,558
Accounts Receivable, Net	36	127	9,869	4,274	31,967	1,391	133,034	639	216	-	181,553
Inventory and Related Property, Net	-	-	21,226	17,725	-	208,132	-	-	4,857	-	251,940
Forfeited Property, Net	106,008	-	-	-	-	-	-	-	-	-	106,008
General Property, Plant and Equipment, Net	1,350	172,052	4,599,337	289,778	3,003,056	71,281	212,132	24,366	482,109	-	8,855,461
Advances and Prepayments	495	2,062	4,745	380	122,495	6,709	(8)	559,727	-	-	696,605
Other Assets	1	-	-	-	4	2,900	-	-	184	-	3,089
Total Assets	**$ 6,014,048**	**$ 664,009**	**$ 7,304,506**	**$ 1,406,708**	**$ 8,750,350**	**$ 624,060**	**$ 7,680,797**	**$ 17,721,198**	**$ 1,590,554**	**$ (289,985)**	**$ 51,466,245**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 106,704	$ 31,168	$ 100,178	$ 73,825	$ 155,703	$ 2,031	$ 168,331	$ 26,871	$ 30,570	$ (287,450)	$ 407,931
Accrued FECA Liabilities	-	20,276	173,001	22,330	37,116	1,374	8,164	14	18,559	-	280,834
Custodial Liabilities	-	-	31	3,927	2,512	-	1,060,284	-	-	-	1,066,754
Other Liabilities	646	12,780	85,025	22,049	159,550	184,855	45,098	5,938	13,715	(2,535)	527,121
Total Intragovernmental	107,350	64,224	358,235	122,131	354,881	188,260	1,281,877	32,823	62,844	(289,985)	2,282,640
Accounts Payable	1,973,343	42,584	343,106	73,819	347,365	43,239	344,497	60,989	398,542	-	3,627,484
Accrued Grant Liabilities	-	-	-	-	-	-	90,288	535,497	-	-	625,785
Accrued Payroll and Benefits	2,160	32,977	160,535	60,676	214,543	4,420	140,756	5,162	35,183	-	656,412
Accrued Annual and Compensatory Leave Liabilities	4,212	68,584	208,244	130,194	417,973	5,585	222,765	9,457	59,173	-	1,126,187
Federal Employee and Veteran Benefits	-	120,193	1,016,768	131,270	212,447	20,955	44,020	165	107,463	-	1,653,281
Environmental and Disposal Liabilities	-	-	72,174	-	4,777	-	-	-	-	-	76,951
Deferred Revenue	106,008	-	667	633,448	-	-	-	-	-	-	740,123
Seized Cash and Monetary Instruments	2,362,505	4,184	-	613	62,345	-	-	-	-	-	2,429,647
Contingent Liabilities	-	-	18,670	32,728	33,600	-	6,130	-	-	-	91,128
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	102,395	-	-	-	102,395
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	3,023,169	-	-	-	3,023,169
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	146,201	-	-	-	146,201
Other Liabilities	-	661	518,620	19,971	24,820	5	12,679	-	6,901	-	583,657
Total Liabilities	**$ 4,555,578**	**$ 333,407**	**$ 2,697,019**	**$ 1,204,850**	**$ 1,672,751**	**$ 262,464**	**$ 5,414,777**	**$ 644,093**	**$ 670,106**	**$ (289,985)**	**$ 17,165,060**
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,877	$ -	$ -	$ -	$ 2,877
Unexpended Appropriations - All Other Funds	-	219,087	1,837,208	555,331	3,948,889	-	3,848,899	5,644,260	565,372	-	16,619,046
Cumulative Results of Operations - Funds from Dedicated Collections	1,458,470	-	77,614	(520,681)	-	-	469,723	11,412,781	-	-	12,897,907
Cumulative Results of Operations - All Other Funds	-	111,515	2,692,665	167,208	3,128,710	361,596	(2,055,479)	20,064	355,076	-	4,781,355
Total Net Position	**$ 1,458,470**	**$ 330,602**	**$ 4,607,487**	**$ 201,858**	**$ 7,077,599**	**$ 361,596**	**$ 2,266,020**	**$ 17,077,105**	**$ 920,448**	**$ -**	**$ 34,301,185**
Total Liabilities and Net Position	**$ 6,014,048**	**$ 664,009**	**$ 7,304,506**	**$ 1,406,708**	**$ 8,750,350**	**$ 624,060**	**$ 7,680,797**	**$ 17,721,198**	**$ 1,590,554**	**$ (289,985)**	**$ 51,466,245**

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	$ 2,081,223	$ 416,172	$ 2,461,827	$ 1,098,533	$ 5,001,862	$ 57,509	$ 8,437,052	$ 18,824,282	$ 1,000,880	$ -	$ 39,379,340
Investments	2,254,142	-	-	-	-	329,202	1,082,602	-	-	-	3,665,946
Accounts Receivable	18,662	28,584	2,473	6,525	425,127	34,178	598,770	9,048	10,128	(473,932)	659,563
Other Assets	-	334	9,356	28,059	31,297	-	1,830	88,847	1,023	(3,664)	157,082
Total Intragovernmental	4,354,027	445,090	2,473,656	1,133,117	5,458,286	420,889	10,120,254	18,922,177	1,012,031	(477,596)	43,861,931
Cash and Other Monetary Assets	2,270,286	11,274	402	26,427	101,374	-	51	-	-	-	2,409,814
Accounts Receivable, Net	185	106	4,063	7,075	38,463	4,914	113,012	793	316	-	168,927
Inventory and Related Property, Net	-	-	19,486	12,738	-	109,276	-	-	3,108	-	144,608
Forfeited Property, Net	136,774	-	-	-	-	-	-	-	-	-	136,774
General Property, Plant and Equipment, Net	1,467	173,785	4,783,808	260,658	2,863,828	54,872	164,293	10,229	402,809	-	8,715,749
Advances and Prepayments	-	1,166	4,616	817	68,469	1,943	76	250,221	-	-	327,308
Other Assets	1	1	-	-	29	3,319	-	-	184	-	3,534
Total Assets	**$ 6,762,740**	**$ 631,422**	**$ 7,286,031**	**$ 1,440,832**	**$ 8,530,449**	**$ 595,213**	**$ 10,397,686**	**$ 19,183,420**	**$ 1,418,448**	**$ (477,596)**	**$ 55,768,645**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 95,322	$ 31,451	$ 98,898	$ 64,951	$ 171,214	$ 3,454	$ 314,310	$ 66,223	$ 29,257	$ (472,290)	$ 402,790
Accrued FECA Liabilities	-	20,526	173,557	22,415	35,328	1,754	8,053	17	17,556	-	279,206
Custodial Liabilities	-	1	-	6,695	1,809	-	1,898,907	-	-	-	1,907,412
Other Liabilities	519	9,781	64,034	16,855	123,997	150,872	35,708	5,204	9,967	(5,306)	411,631
Total Intragovernmental	95,841	61,759	336,489	110,916	332,348	156,080	2,256,978	71,444	56,780	(477,596)	3,001,039
Accounts Payable	2,595,695	32,028	404,468	85,898	404,718	41,339	279,157	74,229	321,323	-	4,238,855
Accrued Grant Liabilities	-	-	-	-	-	-	83,753	759,645	-	-	843,398
Accrued Payroll and Benefits	1,960	26,705	129,976	41,504	178,065	5,051	117,135	4,177	28,336	-	532,909
Accrued Annual and Compensatory Leave Liabilities	3,337	64,549	189,304	110,687	348,240	5,038	183,257	7,385	48,192	-	959,989
Federal Employee and Veteran Benefits	-	132,228	1,115,065	155,232	223,158	22,496	51,769	181	111,217	-	1,811,346
Environmental and Disposal Liabilities	-	-	71,152	-	4,729	-	-	-	-	-	75,881
Deferred Revenue	136,774	-	818	624,281	-	-	-	-	-	-	761,873
Seized Cash and Monetary Instruments	2,423,628	3,803	-	563	49,008	-	-	-	-	-	2,477,002
Contingent Liabilities	-	1,200	13,535	35,300	15,840	600	3,300	-	-	-	69,775
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	174,659	-	-	-	174,659
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	4,316,410	-	-	-	4,316,410
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	1,166,312	-	-	-	1,166,312
Other Liabilities	-	584	467,175	21,094	26,764	19	52,465	-	15,496	-	583,597
Total Liabilities	**$ 5,257,235**	**$ 322,856**	**$ 2,727,982**	**$ 1,185,475**	**$ 1,582,870**	**$ 230,623**	**$ 8,685,195**	**$ 917,061**	**$ 581,344**	**$ (477,596)**	**$ 21,013,045**
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,764	$ -	$ -	$ -	$ 53,764
Unexpended Appropriations - All Other Funds	-	181,537	1,640,246	527,031	3,730,758	-	5,121,617	4,296,876	545,594	-	16,043,659
Cumulative Results of Operations - Funds from Dedicated Collections	1,505,505	-	84,501	(426,699)	-	-	274,392	13,961,482	-	-	15,399,181
Cumulative Results of Operations - All Other Funds	-	127,029	2,833,302	155,025	3,216,821	364,590	(3,737,282)	8,001	291,510	-	3,258,996
Total Net Position	**$ 1,505,505**	**$ 308,566**	**$ 4,558,049**	**$ 255,357**	**$ 6,947,579**	**$ 364,590**	**$ 1,712,491**	**$ 18,266,359**	**$ 837,104**	**$ -**	**$ 34,755,600**
Total Liabilities and Net Position	**$ 6,762,740**	**$ 631,422**	**$ 7,286,031**	**$ 1,440,832**	**$ 8,530,449**	**$ 595,213**	**$ 10,397,686**	**$ 19,183,420**	**$ 1,418,448**	**$ (477,596)**	**$ 55,768,645**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	$ 12,718	$ 156,811	$ -	$ 5,167	$ 1,656,455	$ -	$ 112,698	$ -	$ -	$ (18,579)	$ 1,925,270
Gross Cost - With the Public	77,831	301,013	-	17,254	3,814,635	-	229,077	-	-	-	4,439,810
Subtotal Gross Costs	90,549	457,824	-	22,421	5,471,090	-	341,775	-	-	(18,579)	6,365,080
Earned Revenues - Intragovernmental	-	-	-	187	251,186	-	29,924	-	-	(18,579)	262,718
Earned Revenues - With the Public	-	-	-	-	12,876	-	461	-	-	-	13,337
Subtotal Earned Revenues	-	-	-	187	264,062	-	30,385	-	-	(18,579)	276,055
Subtotal Net Cost of Operations	$ 90,549	$ 457,824	$ -	$ 22,234	$ 5,207,028	$ -	$ 311,390	$ -	$ -	$ -	$ 6,089,025
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 355,126	$ -	$ -	$ (2,388)	$ 352,738
Gross Cost - With the Public	-	-	-	-	-	-	581,310	-	-	-	581,310
Subtotal Gross Costs	-	-	-	-	-	-	936,436	-	-	(2,388)	934,048
Earned Revenues - Intragovernmental	-	-	-	-	-	-	17,193	-	-	(2,388)	14,805
Earned Revenues - With the Public	-	-	-	-	-	-	685	-	-	-	685
Subtotal Earned Revenues	-	-	-	-	-	-	17,878	-	-	(2,388)	15,490
Subtotal Net Cost of Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ 918,558	$ -	$ -	$ -	$ 918,558
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	$ 228,926	$ 349,032	$ 2,028,550	$ 1,102,857	$ 711,203	$ 181,346	$ 752,908	$ 179,010	$ 739,469	$ (454,673)	$ 5,818,628
Gross Cost - With the Public	1,400,959	669,998	6,370,817	1,767,306	2,185,774	410,224	2,148,492	4,284,973	3,218,777	-	22,457,320
Subtotal Gross Costs	1,629,885	1,019,030	8,399,367	2,870,163	2,896,977	591,570	2,901,400	4,463,983	3,958,246	(454,673)	28,275,948
Earned Revenues - Intragovernmental	14,296	67,393	3,417	15,781	381,422	525,424	169,662	42,811	43,493	(437,582)	826,117
Earned Revenues - With the Public	-	470	349,897	428,852	157,498	40,302	(10)	-	4,352	-	981,361
Subtotal Earned Revenues	14,296	67,863	353,314	444,633	538,920	565,726	169,652	42,811	47,845	(437,582)	1,807,478
Subtotal Net Cost of Operations	$ 1,615,589	$ 951,167	$ 8,046,053	$ 2,425,530	$ 2,358,057	$ 25,844	$ 2,731,748	$ 4,421,172	$ 3,910,401	$ (17,091)	$ 26,468,470
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	$ 12,718	$ -	$ -	$ -	$ 849,676	$ -	$ 824,680	$ -	$ -	$ (680,632)	$ 1,006,442
Gross Cost - With the Public	77,831	-	-	-	1,781,246	-	2,700,503	-	-	-	4,559,580
Subtotal Gross Costs	90,549	-	-	-	2,630,922	-	3,525,183	-	-	(680,632)	5,566,022
Earned Revenues - Intragovernmental	-	-	-	-	60,669	-	763,999	-	-	(680,632)	144,036
Earned Revenues - With the Public	-	-	-	-	4,250	-	891,658	-	-	-	895,908
Subtotal Earned Revenues	-	-	-	-	64,919	-	1,655,657	-	-	(680,632)	1,039,944
Subtotal Net Cost of Operations	$ 90,549	$ -	$ -	$ -	$ 2,566,003	$ -	$ 1,869,526	$ -	$ -	$ -	$ 4,526,078
Total Net Cost of Operations	**$ 1,796,687**	**$ 1,408,991**	**$ 8,046,053**	**$ 2,447,764**	**$ 10,131,088**	**$ 25,844**	**$ 5,831,222**	**$ 4,421,172**	**$ 3,910,401**	**$ (17,091)**	**$ 38,002,131**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	$ 9,316	$ 143,945	$ -	$ 5,795	$ 1,532,557	$ -	$ 196,896	$ -	$ -	$ (35,049)	$ 1,853,460
Gross Cost - With the Public	70,251	298,237	-	12,595	3,665,183	-	1,340,434	-	-	-	5,386,700
Subtotal Gross Costs	79,567	442,182	-	18,390	5,197,740	-	1,537,330	-	-	(35,049)	7,240,160
Earned Revenues - Intragovernmental	-	-	-	370	248,504	-	35,243	-	-	(35,049)	249,068
Earned Revenues - With the Public	-	-	-	-	12,704	-	475	-	-	-	13,179
Subtotal Earned Revenues	-	-	-	370	261,208	-	35,718	-	-	(35,049)	262,247
Subtotal Net Cost of Operations	$ 79,567	$ 442,182	$ -	$ 18,020	$ 4,936,532	$ -	$ 1,501,612	$ -	$ -	$ -	$ 6,977,913
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 348,835	$ -	$ -	$ (2,766)	$ 346,069
Gross Cost - With the Public	-	-	-	-	-	-	507,934	-	-	-	507,934
Subtotal Gross Costs	-	-	-	-	-	-	856,769	-	-	(2,766)	854,003
Earned Revenues - Intragovernmental	-	-	-	-	-	-	18,820	-	-	(2,766)	16,054
Earned Revenues - With the Public	-	-	-	-	-	-	161	-	-	-	161
Subtotal Earned Revenues	-	-	-	-	-	-	18,981	-	-	(2,766)	16,215
Subtotal Net Cost of Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ 837,788	$ -	$ -	$ -	$ 837,788
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	$ 167,694	$ 320,393	$ 1,914,520	$ 1,091,716	$ 643,562	$ 137,968	$ 621,917	$ 296,491	$ 641,097	$ (474,916)	$ 5,360,442
Gross Cost - With the Public	1,264,520	663,820	6,121,592	1,749,284	2,085,194	526,030	4,069,719	3,970,853	3,050,735	-	23,501,747
Subtotal Gross Costs	1,432,214	984,213	8,036,112	2,841,000	2,728,756	663,998	4,691,636	4,267,344	3,691,832	(474,916)	28,862,189
Earned Revenues - Intragovernmental	19,123	59,177	3,728	44,369	458,539	604,724	2,028	29,810	46,777	(456,367)	811,908
Earned Revenues - With the Public	-	415	369,515	414,656	183,087	55,642	(5,922)	-	4,498	-	1,021,891
Subtotal Earned Revenues	19,123	59,592	373,243	459,025	641,626	660,366	(3,894)	29,810	51,275	(456,367)	1,833,799
Subtotal Net Cost of Operations	$ 1,413,091	$ 924,621	$ 7,662,869	$ 2,381,975	$ 2,087,130	$ 3,632	$ 4,695,530	$ 4,237,534	$ 3,640,557	$ (18,549)	$ 27,028,390
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	$ 9,316	$ -	$ -	$ -	$ 827,926	$ -	$ 830,997	$ -	$ -	$ (437,824)	$ 1,230,415
Gross Cost - With the Public	70,251	-	-	-	2,020,246	-	2,522,663	-	-	-	4,613,160
Subtotal Gross Costs	79,567	-	-	-	2,848,172	-	3,353,660	-	-	(437,824)	5,843,575
Earned Revenues - Intragovernmental	-	-	-	-	85,287	-	654,750	-	-	(437,824)	302,213
Earned Revenues - With the Public	-	-	-	-	4,160	-	580,950	-	-	-	585,110
Subtotal Earned Revenues	-	-	-	-	89,447	-	1,235,700	-	-	(437,824)	887,323
Subtotal Net Cost of Operations	$ 79,567	$ -	$ -	$ -	$ 2,758,725	$ -	$ 2,117,960	$ -	$ -	$ -	$ 4,956,252
Total Net Cost of Operations	**$ 1,572,225**	**$ 1,366,803**	**$ 7,662,869**	**$ 2,399,995**	**$ 9,782,387**	**$ 3,632**	**$ 9,152,890**	**$ 4,237,534**	**$ 3,640,557**	**$ (18,549)**	**$ 39,800,343**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,764	$ -	$ -	$ -	$ 53,764
All Other Funds	-	181,537	1,640,246	527,031	3,730,758	-	5,121,617	4,296,876	545,594	-	16,043,659
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	65,182	-	-	-	65,182
All Other Funds	-	1,400,000	7,878,000	2,294,153	9,972,902	-	5,541,723	3,282,800	3,327,461	-	33,697,039
Appropriations Transferred-In/Out											
All Other Funds	-	137	(31,206)	14,298	(21,942)	-	377,613	(14,938)	624,102	-	948,064
Other Adjustments											
All Other Funds	-	-	(105)	(10,147)	(72,069)	-	(34,823)	(99,272)	(50)	-	(216,466)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(116,069)	-	-	-	(116,069)
All Other Funds	-	(1,362,587)	(7,649,727)	(2,270,004)	(9,660,760)	-	(7,157,231)	(1,821,206)	(3,931,735)	-	(33,853,250)
Total Budgetary Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(50,887)	-	-	-	(50,887)
All Other Funds	-	37,550	196,962	28,300	218,131	-	(1,272,718)	1,347,384	19,778	-	575,387
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(50,887)	-	-	-	(50,887)
All Other Funds	-	37,550	196,962	28,300	218,131	-	(1,272,718)	1,347,384	19,778	-	575,387
Ending Balances											
Funds from Dedicated Collections	-	-	-	-	-	-	2,877	-	-	-	2,877
All Other Funds	-	219,087	1,837,208	555,331	3,948,889	-	3,848,899	5,644,260	565,372	-	16,619,046
Total All Funds	$ -	$ 219,087	$ 1,837,208	$ 555,331	$ 3,948,889	$ -	$ 3,851,776	$ 5,644,260	$ 565,372	$ -	$ 16,621,923

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	**$ 1,505,505**	**$ -**	**$ 84,501**	**$ (426,699)**	**$ -**	**$ -**	**$ 274,392**	**$ 13,961,482**	**$ -**	**$ -**	**$ 15,399,181**
All Other Funds	**-**	**127,029**	**2,833,302**	**155,025**	**3,216,821**	**364,590**	**(3,737,282)**	**8,001**	**291,510**	**-**	**3,258,996**
Budgetary Financing Sources											
Other Adjustments											
All Other Funds	-	-	-	-	(86)	-	-	-	(55)	-	(141)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	116,069	-	-	-	116,069
All Other Funds	-	1,362,587	7,649,727	2,270,004	9,660,760	-	7,157,231	1,821,206	3,931,735	-	33,853,250
Nonexchange Revenues											
Funds from Dedicated Collections	68,519	-	-	-	-	-	10,454	503,923	-	-	582,896
All Other Funds	-	-	-	-	-	-	-	172	-	-	172
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,127,903	-	-	-	-	-	52,087	-	-	-	1,179,990
All Other Funds	-	-	-	-	-	-	5	-	-	-	5
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(10,000)	-	-	-	-	-	(106)	(445,000)	-	-	(455,106)
All Other Funds	-	(18,457)	-	19,650	134,549	-	235,132	(22)	5,300	-	376,152
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	565,757	-	-	-	-	-	-	-	-	-	565,757
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(4,780)	-	-	-	-	-	-	-	-	-	(4,780)
All Other Funds	-	5,715	140	5,160	979	-	(7,806)	-	-	-	4,188
Imputed Financing (Note 19)											
Funds from Dedicated Collections	2,253	-	5,353	11,617	-	-	11,734	-	-	-	30,957
All Other Funds	-	43,632	243,309	59,534	255,758	22,850	139,298	4,255	36,987	(17,091)	788,532
Other Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(5,742)	-	-	-	(5,742)
All Other Funds	-	-	-	-	(8,983)	-	-	-	-	-	(8,983)
Total Financing Sources											
Funds from Dedicated Collections	**1,749,652**	**-**	**5,353**	**11,617**	**-**	**-**	**184,496**	**58,923**	**-**	**-**	**2,010,041**
All Other Funds	**-**	**1,393,477**	**7,893,176**	**2,354,348**	**10,042,977**	**22,850**	**7,523,860**	**1,825,611**	**3,973,967**	**(17,091)**	**35,013,175**
Net Cost of Operations											
Funds from Dedicated Collections	(1,796,687)	-	(12,240)	(105,599)	-	-	10,835	(2,607,624)	-	-	(4,511,315)
All Other Funds	-	(1,408,991)	(8,033,813)	(2,342,165)	(10,131,088)	(25,844)	(5,842,057)	(1,813,548)	(3,910,401)	17,091	(33,490,816)
Net Change											
Funds from Dedicated Collections	(47,035)	-	(6,887)	(93,982)	-	-	195,331	(2,548,701)	-	-	(2,501,274)
All Other Funds	-	(15,514)	(140,637)	12,183	(88,111)	(2,994)	1,681,803	12,063	63,566	-	1,522,359
Ending Balances											
Funds from Dedicated Collections	**1,458,470**	**-**	**77,614**	**(520,681)**	**-**	**-**	**469,723**	**11,412,781**	**-**	**-**	**12,897,907**
All Other Funds	**-**	**111,515**	**2,692,665**	**167,208**	**3,128,710**	**361,596**	**(2,055,479)**	**20,064**	**355,076**	**-**	**4,781,355**
Total All Funds	**$ 1,458,470**	**$ 111,515**	**$ 2,770,279**	**$ (353,473)**	**$ 3,128,710**	**$ 361,596**	**$ (1,585,756)**	**$ 11,432,845**	**$ 355,076**	**$ -**	**$ 17,679,262**
Net Position - Funds from Dedicated Collections	**1,458,470**	**-**	**77,614**	**(520,681)**	**-**	**-**	**472,600**	**11,412,781**	**-**	**-**	**12,900,784**
Net Position - All Other Funds	**-**	**330,602**	**4,529,873**	**722,539**	**7,077,599**	**361,596**	**1,793,420**	**5,664,324**	**920,448**	**-**	**21,400,401**
Net Position - Total	**$ 1,458,470**	**$ 330,602**	**$ 4,607,487**	**$ 201,858**	**$ 7,077,599**	**$ 361,596**	**$ 2,266,020**	**$ 17,077,105**	**$ 920,448**	**$ -**	**$ 34,301,185**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 72,459**	**$ -**	**$ -**	**$ -**	**$ 72,459**
All Other Funds	**-**	**181,691**	**1,341,274**	**452,154**	**3,518,062**	**-**	**6,270,555**	**4,006,370**	**495,833**	**-**	**16,265,939**
Adjustments:											
Changes in Accounting Principles											
Funds from Dedicated Collections	-	-	-	-	-	-	207	-	-	-	207
All Other Funds	-	-	-	-	-	-	(207)	-	-	-	(207)
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**72,666**	**-**	**-**	**-**	**72,666**
All Other Funds	**-**	**181,691**	**1,341,274**	**452,154**	**3,518,062**	**-**	**6,270,348**	**4,006,370**	**495,833**	**-**	**16,265,732**
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	24,015	-	-	-	24,015
All Other Funds	-	1,316,678	7,542,400	2,267,000	9,577,137	-	5,301,945	2,243,800	3,081,733	-	31,330,693
Appropriations Transferred-In/Out											
All Other Funds	-	163	(15,946)	15,787	(6,415)	-	410,746	(27,975)	594,338	-	970,698
Other Adjustments											
All Other Funds	-	-	(105)	(102)	(51,737)	-	(38,215)	(78,020)	(150)	-	(168,329)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(42,917)	-	-	-	(42,917)
All Other Funds	-	(1,316,995)	(7,227,377)	(2,207,808)	(9,306,289)	-	(6,823,207)	(1,847,299)	(3,626,160)	-	(32,355,135)
Total Budgetary Financing Sources											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**(18,902)**	**-**	**-**	**-**	**(18,902)**
All Other Funds	**-**	**(154)**	**298,972**	**74,877**	**212,696**	**-**	**(1,148,731)**	**290,506**	**49,761**	**-**	**(222,073)**
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(18,902)	-	-	-	(18,902)
All Other Funds	-	(154)	298,972	74,877	212,696	-	(1,148,731)	290,506	49,761	-	(222,073)
Ending Balances											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**53,764**	**-**	**-**	**-**	**53,764**
All Other Funds	**-**	**181,537**	**1,640,246**	**527,031**	**3,730,758**	**-**	**5,121,617**	**4,296,876**	**545,594**	**-**	**16,043,659**
Total All Funds	**$ -**	**$ 181,537**	**$ 1,640,246**	**$ 527,031**	**$ 3,730,758**	**$ -**	**$ 5,175,381**	**$ 4,296,876**	**$ 545,594**	**$ -**	**$ 16,097,423**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	**$ 1,523,558**	**$ -**	**$ 75,166**	**$ (345,914)**	**$ -**	**$ -**	**$ 126,222**	**$ 16,354,837**	**$ -**	**$ -**	**$ 17,733,869**
All Other Funds	**-**	**123,310**	**2,977,238**	**170,733**	**3,271,977**	**343,760**	**(2,623,900)**	**6,987**	**251,896**	**-**	**4,522,001**
Adjustments:											
Changes in Accounting Principles											
Funds from Dedicated Collections	-	-	-	-	-	-	(24)	-	-	-	**(24)**
All Other Funds	-	-	-	-	-	-	24	-	-	-	**24**
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**1,523,558**	**-**	**75,166**	**(345,914)**	**-**	**-**	**126,198**	**16,354,837**	**-**	**-**	**17,733,845**
All Other Funds	**-**	**123,310**	**2,977,238**	**170,733**	**3,271,977**	**343,760**	**(2,623,876)**	**6,987**	**251,896**	**-**	**4,522,025**
Budgetary Financing Sources											
Other Adjustments											
Funds from Dedicated Collections	(674,000)	-	-	-	-	-	(5,236)	-	-	-	(679,236)
All Other Funds	-	-	-	-	(73,000)	-	(151,000)	-	-	-	(224,000)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	42,917	-	-	-	42,917
All Other Funds	-	1,316,995	7,227,377	2,207,808	9,306,289	-	6,823,207	1,847,299	3,626,160	-	32,355,135
Nonexchange Revenues											
Funds from Dedicated Collections	156,615	-	-	-	-	-	256,005	496,336	-	-	908,956
All Other Funds	-	-	-	-	-	-	42	204	-	-	246
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,710,195	-	-	-	-	-	805,236	-	-	-	2,515,431
All Other Funds	-	-	-	-	-	-	184	-	-	-	184
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	-	-	-	-	-	-	-	(504,500)	-	-	(504,500)
All Other Funds	-	-	-	-	132,875	-	252,825	-	(450)	-	385,250
Other Budgetary Financing Sources											
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	360,257	-	-	-	-	-	-	-	-	-	360,257
All Other Funds	-	-	1	-	-	-	-	-	-	-	1
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(2,061)	-	-	-	-	-	-	-	-	-	(2,061)
All Other Funds	-	1,706	-	5,737	25,616	-	(34,384)	-	4,940	-	3,615
Imputed Financing (Note 19)											
Funds from Dedicated Collections	3,166	-	6,497	16,854	-	-	15,432	-	-	-	41,949
All Other Funds	-	51,821	294,393	73,103	345,916	24,462	182,888	5,854	49,521	(18,549)	1,009,409
Other Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(3)	-	-	-	(3)
All Other Funds	-	-	-	-	(10,465)	-	(435)	-	-	-	(10,900)
Total Financing Sources											
Funds from Dedicated Collections	**1,554,172**	**-**	**6,497**	**16,854**	**-**	**-**	**1,114,351**	**(8,164)**	**-**	**-**	**2,683,710**
All Other Funds	**-**	**1,370,522**	**7,521,771**	**2,286,648**	**9,727,231**	**24,462**	**7,073,327**	**1,853,357**	**3,680,171**	**(18,549)**	**33,518,940**
Net Cost of Operations											
Funds from Dedicated Collections	(1,572,225)	-	2,838	(97,639)	-	-	(966,157)	(2,385,191)	-	-	(5,018,374)
All Other Funds	-	(1,366,803)	(7,665,707)	(2,302,356)	(9,782,387)	(3,632)	(8,186,733)	(1,852,343)	(3,640,557)	18,549	(34,781,969)
Net Change											
Funds from Dedicated Collections	(18,053)	-	9,335	(80,785)	-	-	148,194	(2,393,355)	-	-	(2,334,664)
All Other Funds	-	3,719	(143,936)	(15,708)	(55,156)	20,830	(1,113,406)	1,014	39,614	-	(1,263,029)
Ending Balances											
Funds from Dedicated Collections	**1,505,505**	**-**	**84,501**	**(426,699)**	**-**	**-**	**274,392**	**13,961,482**	**-**	**-**	**15,399,181**
All Other Funds	**-**	**127,029**	**2,833,302**	**155,025**	**3,216,821**	**364,590**	**(3,737,282)**	**8,001**	**291,510**	**-**	**3,258,996**
Total All Funds	**$ 1,505,505**	**$ 127,029**	**$ 2,917,803**	**$ (271,674)**	**$ 3,216,821**	**$ 364,590**	**$ (3,462,890)**	**$ 13,969,483**	**$ 291,510**	**$ -**	**$ 18,658,177**
Net Position - Funds from Dedicated Collections	**1,505,505**	**-**	**84,501**	**(426,699)**	**-**	**-**	**328,156**	**13,961,482**	**-**	**-**	**15,452,945**
Net Position - All Other Funds	**-**	**308,566**	**4,473,548**	**682,056**	**6,947,579**	**364,590**	**1,384,335**	**4,304,877**	**837,104**	**-**	**19,302,655**
Net Position - Total	**$ 1,505,505**	**$ 308,566**	**$ 4,558,049**	**$ 255,357**	**$ 6,947,579**	**$ 364,590**	**$ 1,712,491**	**$ 18,266,359**	**$ 837,104**	**$ -**	**$ 34,755,600**

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ -	$ 278	$ -	$ 62,418	$ 5,165	$ -	$ 13,874,484	$ -	$ -	$ 13,942,345
Fees and Licenses	-	65,222	-	15,000	-	-	-	-	-	80,222
Miscellaneous	-	236	31	-	-	-	-	-	519	786
Total Cash Collections	**$ -**	**$ 65,736**	**$ 31**	**$ 77,418**	**$ 5,165**	**$ -**	**$ 13,874,484**	**$ -**	**$ 519**	**$ 14,023,353**
Accrual Adjustments	-	16	-	(2,768)	703	-	-	-	-	(2,049)
Total Custodial Revenue	**$ -**	**$ 65,752**	**$ 31**	**$ 74,650**	**$ 5,868**	**$ -**	**$ 13,874,484**	**$ -**	**$ 519**	**$ 14,021,304**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Government Accountability Office	-	-	-	-	-	-	(230)	-	-	(230)
The Judiciary	-	-	-	-	-	-	(69,039)	-	-	(69,039)
Trade and Development Agency	-	-	-	-	-	-	(174)	-	-	(174)
U.S. Department of Agriculture	-	-	-	-	-	-	(44,252)	-	-	(44,252)
U.S. Department of Commerce	-	-	-	-	-	-	(4,751)	-	-	(4,751)
U.S. Department of the Interior	-	-	-	-	-	-	(526,575)	-	-	(526,575)
U.S. Department of Justice	-	-	-	-	-	-	(125,471)	-	-	(125,471)
U.S. Department of Labor	-	-	-	-	-	-	(4,972)	-	-	(4,972)
U.S. Postal Service	-	-	-	-	-	-	(86,678)	-	-	(86,678)
U.S. Department of State	-	-	-	-	-	-	(823)	-	-	(823)
U.S. Department of the Treasury	-	-	-	-	-	-	(681,623)	-	-	(681,623)
Office of Personnel Management	-	-	-	-	-	-	(20,546)	-	-	(20,546)
Federal Communications Commission	-	-	-	-	-	-	(4,498)	-	-	(4,498)
Social Security Administration	-	-	-	-	-	-	(1,337)	-	-	(1,337)
Federal Trade Commission	-	-	-	-	-	-	(4,851,149)	-	-	(4,851,149)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(29,334)	-	-	(29,334)
General Services Administration	-	-	-	-	-	-	(9,885)	-	-	(9,885)
National Science Foundation	-	-	-	-	-	-	(2,320)	-	-	(2,320)
Securities and Exchange Commission	-	-	-	-	-	-	(2)	-	-	(2)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(6)	-	-	(6)
National Endowment For the Humanities	-	-	-	-	-	-	(14)	-	-	(14)
Railroad Retirement Board	-	-	-	-	-	-	(268)	-	-	(268)
Tennessee Valley Authority	-	-	-	-	-	-	(13)	-	-	(13)
Environmental Protection Agency	-	-	-	-	-	-	(190,875)	-	-	(190,875)
U.S. Department of Transportation	-	-	-	-	-	-	(2,671)	-	-	(2,671)
U.S. Department of Homeland Security	-	-	-	-	-	-	(285,340)	-	-	(285,340)
Agency for International Development	-	-	-	-	-	-	(131)	-	-	(131)
Small Business Administration	-	-	-	-	-	-	(8,639)	-	-	(8,639)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(2,120,038)	-	-	(2,120,038)
National Aeronautics and Space Administration	-	-	-	-	-	-	(404)	-	-	(404)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,102)	-	-	(1,102)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(30,355)	-	-	(30,355)
U.S. Department of Energy	-	-	-	-	-	-	(45,967)	-	-	(45,967)
U.S. Department of Education	-	-	-	-	-	-	(12,331)	-	-	(12,331)
Commodities Futures Trading Commission	-	-	-	-	-	-	(101)	-	-	(101)
Corporation of National & Community Services	-	-	-	-	-	-	(959)	-	-	(959)
Federal Reserve Board	-	-	-	-	-	-	(3)	-	-	(3)
Treasury General Fund	-	(62,858)	-	(77,418)	(5,165)	-	(4,476,384)	-	(519)	(4,622,344)
U.S. Department of Defense	-	-	-	-	-	-	(166,633)	-	-	(166,633)
Transferred to the Public	-	-	-	-	-	-	(510,751)	-	-	(510,751)
(Increase)/Decrease in Amounts Yet to be Transferred	-	1	(31)	2,768	(703)	-	864,985	-	-	867,020
Refunds and Other Payments	-	(2,895)	-	-	-	-	(871)	-	-	(3,766)
Retained by the Reporting Entity	-	-	-	-	-	-	(421,954)	-	-	(421,954)
Total Disposition Of Collections	-	(65,752)	(31)	(74,650)	(5,868)	-	(13,874,484)	-	(519)	(14,021,304)
Net Custodial Activity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ -	$ 133	$ -	$ 30,684	$ 2,244	$ -	$ 9,540,850	$ -	$ -	$ 9,573,911
Fees and Licenses	-	50,394	-	15,000	-	-	-	-	-	65,394
Miscellaneous	-	276	34	-	-	-	-	-	162	472
Total Cash Collections	**$ -**	**$ 50,803**	**$ 34**	**$ 45,684**	**$ 2,244**	**$ -**	**$ 9,540,850**	**$ -**	**$ 162**	**$ 9,639,777**
Accrual Adjustments	-	(8)	-	1,847	217	-	-	-	-	2,056
Total Custodial Revenue	**$ -**	**$ 50,795**	**$ 34**	**$ 47,531**	**$ 2,461**	**$ -**	**$ 9,540,850**	**$ -**	**$ 162**	**$ 9,641,833**
Disposition of Collections										
Transferred to Federal Agencies										
The Judiciary	-	-	-	-	-	-	(32,980)	-	-	(32,980)
U.S. Department of Agriculture	-	-	-	-	-	-	(85,376)	-	-	(85,376)
U.S. Department of Commerce	-	-	-	-	-	-	(8,565)	-	-	(8,565)
U.S. Department of the Interior	-	-	-	-	-	-	(531,327)	-	-	(531,327)
U.S. Department of Justice	-	-	-	-	-	-	(57,416)	-	-	(57,416)
U.S. Department of Labor	-	-	-	-	-	-	(2,838)	-	-	(2,838)
U.S. Postal Service	-	-	-	-	-	-	(23,001)	-	-	(23,001)
U.S. Department of State	-	-	-	-	-	-	(68)	-	-	(68)
U.S. Department of the Treasury	-	-	-	-	-	-	(1,261,004)	-	-	(1,261,004)
Office of Personnel Management	-	-	-	-	-	-	(6,842)	-	-	(6,842)
Federal Communications Commission	-	-	-	-	-	-	(567)	-	-	(567)
Social Security Administration	-	-	-	-	-	-	(720)	-	-	(720)
Federal Trade Commission	-	-	-	-	-	-	(6,178)	-	-	(6,178)
U.S. Nuclear Regulatory Commission	-	-	-	-	-	-	(1,266)	-	-	(1,266)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(135,737)	-	-	(135,737)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(79)	-	-	(79)
General Services Administration	-	-	-	-	-	-	(3,973)	-	-	(3,973)
National Science Foundation	-	-	-	-	-	-	(2,078)	-	-	(2,078)
Securities and Exchange Commission	-	-	-	-	-	-	(3)	-	-	(3)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(9)	-	-	(9)
National Endowment For the Humanities	-	-	-	-	-	-	(11)	-	-	(11)
Railroad Retirement Board	-	-	-	-	-	-	(156)	-	-	(156)
Consumer Product Safety Commission	-	-	-	-	-	-	(24)	-	-	(24)
Environmental Protection Agency	-	-	-	-	-	-	(563,284)	-	-	(563,284)
U.S. Department of Transportation	-	-	-	-	-	-	(7,494)	-	-	(7,494)
U.S. Department of Homeland Security	-	-	-	-	-	-	(177,966)	-	-	(177,966)
Agency for International Development	-	-	-	-	-	-	(1,542)	-	-	(1,542)
Small Business Administration	-	-	-	-	-	-	(5,875)	-	-	(5,875)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(1,225,960)	-	-	(1,225,960)
National Aeronautics and Space Administration	-	-	-	-	-	-	(1,855)	-	-	(1,855)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,256)	-	-	(1,256)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(82,164)	-	-	(82,164)
U.S. Department of Energy	-	-	-	-	-	-	(1,770)	-	-	(1,770)
U.S. Department of Education	-	-	-	-	-	-	(15,071)	-	-	(15,071)
Commodities Futures Trading Commission	-	-	-	-	-	-	(71)	-	-	(71)
Corporation of National & Community Services	-	-	-	-	-	-	(629)	-	-	(629)
Federal Reserve Board	-	-	-	-	-	-	(4)	-	-	(4)
Treasury General Fund	-	(49,133)	(34)	(45,684)	(2,244)	-	(4,289,235)	-	(162)	(4,386,492)
U.S. Department of Defense	-	-	-	-	-	-	(178,532)	-	-	(178,532)
Transferred to the Public	-	-	-	-	-	-	(396,116)	-	-	(396,116)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	(1,847)	(217)	-	(181,720)	-	-	(183,784)
Refunds and Other Payments	-	(1,662)	-	-	-	-	(7,305)	-	-	(8,967)
Retained by the Reporting Entity	-	-	-	-	-	-	(242,783)	-	-	(242,783)
Total Disposition Of Collections	-	(50,795)	(34)	(47,531)	(2,461)	-	(9,540,850)	-	(162)	(9,641,833)
Net Custodial Activity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-

U.S. Department of Justice
Reduce the Footprint
For the Fiscal Year Ended September 30, 2020

Under the leadership of the Attorney General, the Department continued its efforts during FY 2020 to maximize the efficiency of its real property footprint and monitor space utilization across the Department. The FY 2019 actual SF is 47,526,829 compared to the FY 2015 Baseline of 47,362,747, representing a difference of 164,082 SF. While unique mission related requirements in the pipeline for organizations such as the FBI, USMS, and the EOIR are projected to increase the Department's overall real estate footprint, the majority of the Department components have maintained or reduced their footprint. Difficult mission related challenges come with the various law enforcement and litigation assignments of the Department to protect federal courthouses, house and secure prisoners awaiting trial, and continue to enforce drug trafficking, immigration laws, and other direct mission activities.

One of the primary focuses of the Department is to apply more stringent utilization rate requirements as leases expire. Over time, new build out standards and mobile workplace initiatives will increasingly provide space reductions. With adequate funding, these types of projects will allow the Department to reduce its overall footprint.

Information for the Department is displayed below:

Reduce the Footprint

Reduce the Footprint Baseline Comparison

For the Fiscal Year Ended September 30, 2020			
	FY 2015 Baseline	FY 2019	Change
Square Footage (SF in millions)	47,362,747	47,526,829	0.3%

Reporting of Operation and Maintenance Costs - Owned and Direct Lease Buildings

For the Fiscal Year Ended September 30, 2020			
	FY 2015 Reported Cost	FY 2019	Change
Operation and Maintenance Costs ($ in millions)	50,305,398	37,427,207	-25.6%

U.S. Department of Justice
Civil Monetary Penalty Adjustment for Inflation
For the Fiscal Year Ended September 30, 2020

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information section the most recent inflationary adjustments to civil monetary penalties to ensure penalty adjustments are both timely and accurate.

Bureau of Alcohol, Tobacco, Firearms, and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
18 U.S.C. 922(t)(5)	Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b) Transfer of firearm without checking NICS	1993	2020	$ 8,831	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 924(p)	Child Safety Lock Act; PL 109-92, sec. 5(c)(2)(B) Secure gun storage or safety device, violation	2005	2020	$ 3,230	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Civil Division

Civil Division						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
12 USC 1833a(b)(1)	Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation	1989	2020	$ 2,048,915	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2020	$ 2,048,915	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2020	$ 10,244,577	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act Fraudulent Claim for Assistance	1968	2020	$ 5,951	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
31 U.S.C. 3729(a)	False Claims Act Violations	1986	2020	Min $11,665 - Max $23,331	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act Violations	1986	2020	$ 11,665	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act Violation Involving False Statement (per statement)	1986	2020	$ 11,665	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Civil Division (continued)

Civil Division						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
40 U.S.C. 123(a)(1)(A)	Federal Property and Administrative Services Act Violation Involving Surplus Government Property (per act)	1949	2020	$ 5,951	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act Violation Involving Kickbacks (per occurrence)	1986	2020	$ 23,331	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 2723(b)	Driver's Privacy Protection Act of 1994 Prohibition on Release and Use of Certain Personal Information from State Motor Vehicle Records - Substantial Non-compliance (per violation)	1994	2020	$ 8,606	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 216(b)	Ethics Reform Act of 1989 Penalties for Conflict of Interest Crimes	1989	2020	$ 102,446	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an individual	1988	2020	$ 107,050	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an organization	1988	2020	$ 1,070,487	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
42 U.S. C. 5157(d)	Disaster Relief Act Violation	1974	2020	$ 13,525	Civil Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Civil Rights Division

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order	1994	2020	$ 17,161	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order	1994	2020	$ 25,820	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order	1994	2020	$ 25,820	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, subsequent order	1994	2020	$ 43,034	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
42 U.S.C. 3614(d)(1)(C)(i)	Fair Housing Act of 1968, as amended in 1988. PL 100-430 First violation	1988	2020	$ 107,050	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968, as amended in 1988; PL 100-430 Subsequent violation	1988	2020	$ 214,097	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Civil Rights Division (continued)

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
42 U.S.C. 12188(b)(2)(C)(i)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, first order	1990	2020	$ 96,384	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
42 U.S.C. 12188(b)(2)(C)(ii)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, subsequent order	1990	2020	$ 192,768	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act First violation	2010	2020	$ 64,715	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act Subsequent violation	2010	2020	$ 129,431	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Criminal Division

Criminal Division						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
18 U.S.C. 983(h)(1)	Civil Asset Forfeiture Reform Act of 2000; PL 106-105 Penalty for Frivolous Assertion of Claim	2000	2020	Min $370 - Max $7,395	Criminal Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H Violation	1986	2020	$ 23,331	Criminal Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Drug Enforcement Administration

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
21 U.S.C. 844a(a)	Anti-Drug Abuse Act of 1988 Possession of small amounts of controlled substances	1988	2020	$ 21,410	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 961(1)	Controlled Substance Import Export Act Drug abuse, import or export	1970	2020	$ 74,388	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act, PL 90-513 Violations of 842(a) - other than (5), (10), (16), and (17) - Prohibited acts re: controlled substances (per violation)	1970	2020	$ 67,627	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(1)(B)(i)	Controlled Substances Act, PL 90-513 Violations of 842(a)(5), (10), and (17) - Prohibited acts re: controlled substances	1998	2020	$ 15,691	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Drug Enforcement Administration (continued)

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
21 U.S.C. 842(c)(1)(B)(ii)	Support for Patients and Communities Act, PL 115-211 Violations of 842(b)(ii) - Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by Atty Gen.	2018	2020	$ 101,764	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(1)(C)	Controlled Substances Act, PL 90-513 Violation of 825(e) by importer, exporter, manufacturer, or distributor - False labeling of anabolic steroids; PL 113-260	2014	2020	$ 541,933	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(1)(D)	Controlled Substances Act, PL 90-513 Violation of 825(e) at the retail level - False labeling of anabolic steroids; PL 113-260	2014	2020	$ 1,084	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(2)(C)	Controlled Substances Act, PL 90-513 Violation of 842(a)(11) by a business - Distribution of laboratory supply with reckless disregard; PL 104-237	1996	2020	$ 406,419	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 842(c)(2)(D)	Support for Patients and Communities Act, PL 115-211 Violations of 842(a)(5), (10) and (17) by a registered manufacturer or distributor of opioids. Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by Atty Gen.	2018	2020	$ 508,820	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003 Maintaining drug-involved premises; PL 108-21	2003	2020	$ 374,763	Drug Enforcement Administration	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Executive Office for Immigration Review

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
8 U.S.C. 1324a(e)(4)(A)(i)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, first order	1986	2020	Min $583 - Max $4,667	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324a(e)(4)(A)(ii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, second order	1986	2020	Min $4,667 - Max $11,665	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324a(e)(4)(A)(iii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, subsequent order	1986	2020	Min $6,999 - Max $23,331	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324a(e)(5)	Immigration Reform and Control Act of 1986 Paperwork violation	1986	2020	Min $234 - Max $2,332	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324a (note)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii) Violation relating to participating employer's failure to notify DHS of final nonconfirmation of employee's employment eligibility	1996	2020	Min $813 - Max $1,625	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324a(g)(2)	Immigration Reform and Control Act of 1986; PL 99-603 Violation/prohibition of indemnity bonds	1986	2020	$ 2,332	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(I)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, first order	1990	2020	Min $481 - Max $3,855	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(II)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, second order	1990	2020	Min $3,855 - Max $9,639	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Executive Office for Immigration Review (continued)

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
8 U.S.C. 1324b(g)(2)(B)(iv)(III)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, subsequent order	1990	2020	Min $5,783 - Max $19,277	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(IV)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, document abuse	1990	2020	Min $193 - Max $1,928	Civil Rights Division	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, first order -- for violations described in USC 1324c(a)(1)-(4)	1990	2020	Min $481 - Max $3,855	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, subsequent order -- for violations described in USC 1324c(a)(1)-(4)	1990	2020	Min $3,855 - Max $9,639	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, first order -- for violations described in USC 1324c(a)(5)-(6)	1996	2020	Min $407 - Max $3,251	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, subsequent order -- for violations described in USC 1324c(a)(5)-(6)	1996	2020	Min $3,251 - Max $8,128	Executive Office for Immigration Review	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Federal Bureau of Investigation

Federal Bureau of Investigation						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
49 U.S.C. 30505(a)	National Motor Vehicle Title Identification System; PL 103-272(1)(e)	1994	2020	$ 1,722	Federal Bureau of Investigation	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

Office of Justice Programs

Office of Justice Programs						
Statutory Authority (U.S.C. Citation)	**Penalty (Name or Description)**	**Year Enacted**	**Latest year of adjustment (via statute or regulation)**	**Current Penalty Level ($ Amount or Range)**	**Sub-Agency / Bureau / Unit**	**Location for Penalty Update Details**
42 U.S.C. 3789g(d)	Omnibus Crime State and Local CHRI Systems - Right to Privacy Violation and Safe Streets Act State and Local CHRI Systems - Right to Privacy Violation	1979	2020	$ 29,755	Office of Justice Programs	Federal Register / Vol. 85, No. 119 / Friday, June 19, 2020 / Rules and Regulations https://www.govinfo.gov/content/pkg/FR-2020-06-19/pdf/2020-10905.pdf

U.S Department of Justice
Grants Programs
For the Fiscal Year Ended September 30, 2020

OMB Circular A-136, *Financial Reporting Requirements*, requires the following information to be reported in the Department's annual Agency Financial Report for FY 2020 and subsequent fiscal years regarding reporting entities with Federal grants programs:

1. A brief high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards), to include the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020 (i.e., on or before September 30, 2018); and

2. A brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported. This narrative is optional if the entity did not report on expired grants in FY 2019.[1]

Three DOJ grant-making components report information under this guidance: Office of Justice Programs (OJP) Office on Violence Against Women's (OVW), and Office of Community Oriented Policing Services (COPS).

The table on the following page presents, for each DOJ's grant-making component that had zero dollar balances and undisbursed obligations for expired grant awards as of June 30, 2020, for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020 (i.e., on or before September 30, 2018).

[1] This narrative will be provided in FY 2021 Agency Financial Report.

DOJ Grant Programs: Summary of Expired, but not Closed Grants/Cooperative Agreements

For the Fiscal Year Ended September 30, 2020 (Dollars in Thousands)

DOJ Component	Category	2-3 Years	3-5 Years	More than 5 Years
OJP	Number of Grants/Cooperative Agreements with Zero Dollar Balances	3	3	9
	Number of Grants/Cooperative Agreements with Undisbursed Balances	19	17	12
	OJP Total Amount of Undisbursed Balances	**$5,358**	**$5,219**	**$4,241**
COPS	Number of Grants/Cooperative Agreements with Zero Dollar Balances	2	1	1
	Number of Grants/Cooperative Agreements with Undisbursed Balances	5	1	0
	COPS Total Amount of Undisbursed Balances	**$132**	**$0**	**$0**
OVW	Number of Grants/Cooperative Agreements with Zero Dollar Balances	9	4	0
	Number of Grants/Cooperative Agreements with Undisbursed Balances	34	18	0
	OVW Total Amount of Undisbursed Balances	**$4,670**	**$1,497**	**$1**
DOJ Total Amount of Undisbursed Balances		**$10,160**	**$6,716**	**$4,242**

SECTION III
MANAGEMENT SECTION

(UNAUDITED)

Section III

Management Section
(Unaudited)

Overview

Each year, the Department's Office of the Inspector General (OIG) identifies existing and potential management challenges, weaknesses, and areas in need of improvement. The challenges identified by the Department's OIG are from an auditor's perspective and include areas of concern that bear significantly on how well the Department carries out its mission and meets its responsibilities as a steward of public funds.

Presented on the following pages are the OIG-identified Top Management and Performance Challenges in the Department, and Department management's response to those challenges.

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October 16, 2020

Memorandum For: THE ATTORNEY GENERAL
THE DEPUTY ATTORNEY GENERAL

From: MICHAEL E. HOROWITZ
INSPECTOR GENERAL

Subject: Top Management and Performance Challenges Facing the Department of Justice

Attached to this memorandum is the Office of the Inspector General's 2020 report on the top management and performance challenges facing the Department of Justice (Department), which we have identified based on our oversight work, research, and judgment. We have prepared similar reports since 1998. By statute, this report is required to be included in the Department's Agency Financial Report.

This year's report identifies nine challenges that we believe represent the most pressing concerns for the Department:

- Strengthening Public Confidence in Law Enforcement and Protecting Civil Liberties
- Use of Sensitive Investigative Authorities by Department Law Enforcement
- The Department's Contingency Planning and Response to a Global Pandemic
- Maintaining a Safe, Secure, and Humane Prison System
- Safeguarding National Security and Countering Domestic and International Terrorism
- Protecting the Nation and Department against Cyber-Related Threats and Emerging Technologies
- The Opioid Crisis, Violent Crime, and the Need for Strong Law Enforcement Coordination
- Ensuring Financial Accountability of Department Contracts and Grants
- Strategic Planning: The Department's Challenges to Achieve Performance-Based Management and to Enhance Human Capital

We believe that strengthening public confidence in law enforcement, protecting civil liberties, and ensuring the proper use of sensitive investigative authorities are urgent challenges that will continue to garner significant attention, and which require appropriate and swift action from the Department. These are not new challenges, and recent events make the Department's attention to them all the more critical. One substantial new challenge facing the Department this year is the need to effectively plan for and respond to the global pandemic to ensure not only the safety of the public and Department employees, but also that of incarcerated persons.

In addition, enhancing national security remains a key challenge for the Department, particularly given the rising danger of homegrown violent extremism and domestic terrorism. Further, cyber-related intrusions threaten the federal government, the American economy, U.S. public discourse, and American elections. The opioid crisis and violent crime continue to remain challenges for the Department and will require better coordination among all levels of law enforcement to combat them effectively.

The report also highlights the importance of leveraging diversity and inclusion to develop a highly-skilled workforce and thereby ensure employees of all backgrounds are valued and treated fairly.

We hope this document will assist the Department in its efforts to improve program performance and enhance its operations. We look forward to continuing to work with the Department to analyze and respond to these important issues in the year ahead.

Strengthening Public Confidence in Law Enforcement and Protecting Civil Liberties

One of the most pressing challenges facing the Department of Justice (DOJ or the Department), in the wake of nationwide protests following the deaths of George Floyd, Breonna Taylor, and Ahmaud Arbery, among other incidents, is how it can most effectively work to strengthen public confidence in law enforcement and protect individuals' civil liberties. This is not a new challenge for the Department. The OIG's 2015 Top Management and Performance Challenges (TMPC) report identified building trust and improving police-community relations as among the most pressing challenges for the Department after police killings of unarmed African Americans in Ferguson, Missouri, and Baltimore, Maryland.

Community trust and cooperation are essential to effective policing. In its dual roles as policy leader and law enforcer, the Department has numerous tools at its disposal to safeguard individual rights and promote constitutional policing practices at the state and local levels. As the nation's leading law enforcement agency, the Department must also ensure that its own law enforcement components, while fulfilling their critical law enforcement missions, adhere to constitutional and statutory constraints designed to protect individuals' civil rights, civil liberties, and privacy.

The Department's efficacy as guardian of the rule of law depends on public confidence that justice is being administered fairly and impartially. Accountability and transparency are critical to building public trust and legitimacy. Robust independent oversight and whistleblower protections can play vital roles in maintaining public confidence in the integrity of the Department and its law enforcement components.

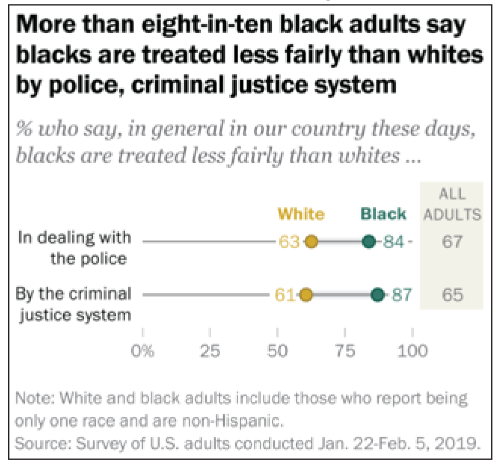
The Department Plays a Critical Role in Ensuring Public Confidence in Law Enforcement

Recent tragic confrontations between police and private citizens—and resulting protests and civil unrest—have brought to the fore a public concern that Black people receive disparate treatment at the hands of law enforcement. A 2019 Pew Research Center survey found that "majorities of both black and white Americans say blacks are treated less fairly than whites in dealing with police and by the criminal justice system as a whole" and that "black adults are about five times as likely as whites to say they've been unfairly stopped by police because of their race or ethnicity."

The Attorney General has heard concerns that "African Americans often feel 'treated as suspects first and citizens second'" and remarked, "I think these concerns are legitimate." In addressing the tension between enforcing the law and upholding the civil rights of all citizens, the Attorney General stated: "While the vast majority of police officers do their job bravely and righteously, it is undeniable that many African Americans lack confidence in the American criminal justice system. That must change. Our constitution mandates equal protection of the laws, and nothing less is acceptable. As the nation's leading federal law-enforcement agency, the Department of Justice will do its part."

Since the OIG published its 2015 TMPC report, Attorneys General have expressed the need to build and maintain community trust in law enforcement. In light of recent events, the need for action to effect actual change is even more urgent. In response to the OIG's 2015 report, the Department identified numerous tools it was using to help build public trust in law enforcement. Those included grant programs to foster partnerships between communities and state and local law enforcement agencies; efforts to improve the collection and analysis of data regarding policing issues such as use of force, traffic stops, and officer-involved shootings; and pattern-or-practice investigations of police departments to root out systemic misconduct and achieve sustainable reform. However, the Department has not fully effectuated the tools it identified in 2015 to address these issues and, in some cases, has cut back on their use. We believe that among the most significant challenges facing the Department is responding to the potential erosion of confidence in law enforcement, as evidenced by the Pew study, as well as embracing its leadership role and using all available tools to address these issues to the fullest extent practicable.

Public Perception of Fairness in the Criminal Justice System



Source: "10 Things We Know About Race and Policing in the U.S." Pew Research Center, Washington, D.C. (June 3, 2020)

Although the Department has no direct authority over law enforcement agencies other than its own, as both a law enforcer and policy leader, the Department has numerous mechanisms to help protect individuals' civil liberties and strengthen public confidence in law enforcement at all levels. Among them are the Presidential Commission on Law Enforcement and the Administration of Justice, criminal and civil enforcement targeting civil rights violations by police, leading by example through the DOJ law enforcement components, and grants and technical assistance to promote cultures of integrity and build public trust in policing.

Presidential Commission on Law Enforcement and the Administration of Justice. In January 2020, the Department established the Presidential Commission on Law Enforcement and the Administration of Justice (the Commission). While the Commission's report has not been released as of this writing, the Commission has held panels on community engagement, trust and respect for law enforcement, and policing culture. At a June 24 hearing on the use of force and culture change, the panelists acknowledged that, "while no single police incident represents an entire department, nothing undermines years of work developing community trust as quickly as incidents where police use unnecessary or excessive force."

While the Commission has the potential to influence the national conversation, its efficacy will ultimately turn on whether the public views its recommendations as legitimate. In an amicus curiae brief filed in June, some current and former prosecutors and law enforcement officials alleged that the Commission lacks transparency and representation from key stakeholders, such as civil rights groups and police reform advocates. Some of the Commission's working group members have raised similar concerns and, in September, one prosecutor resigned from his working group after the prosecutor said the Commission failed to address the problems he and another member had identified. Additionally, on October 1, a federal judge ruled the Commission in violation of the federal law governing advisory commissions, finding, among other things, that its membership is not "fairly balanced" in the viewpoints represented. The judge ordered the Commission to halt all work and not to release its report until it comes into compliance with the law. Such criticisms and findings, if left unaddressed, may undermine public confidence in the Commission's work. The challenge to the Department will come in its presentation of and response to the Commission's final report.

Criminal and Civil Enforcement Targeting Civil Rights Violations by Police. The Department's Civil Rights Division (CRT) has authority under 18 U.S.C. § 242 to prosecute individual law enforcement officers for willful civil rights violations. CRT also has authority, under 34 U.S.C. § 12601 (formerly 42 U.S.C. § 14141), to investigate police departments for patterns or practices of unconstitutional policing and to bring civil enforcement actions or seek other forms of relief where such pattern or practice is found. In June 2020, CRT took a positive step forward by launching a "Civil Rights Reporting Portal," which makes it easier for the public to report civil rights violations, including misconduct by law enforcement officers. Given recent events, however, there have been bipartisan calls for the Department to maximize use of its pattern-or-practice authority to establish accountability and public trust in law enforcement. The Department faces challenges in balancing its stated policy favoring local control and local accountability over nonfederal law enforcement agencies with the need to assure the public that the Department is using its available authorities to vindicate and prevent civil rights violations in policing at the state and local levels.

Leading by Example Through the Department's Law Enforcement Components. The Department's law enforcement components provide crucial assistance to state and local law enforcement agencies responding to civil unrest. The Department must ensure, however, that in doing so its law enforcement components respect the civil rights and civil liberties of peaceful protesters exercising their right to free expression. The Department's Annual Performance Plan for Fiscal Year 2021 identified defending the First Amendment right to free speech as one of the Department's top strategic objectives.

The federal government's response to recent protest activity in Washington, D.C., and Portland, Oregon, generated civil rights lawsuits against the DOJ and other federal agencies. In response to requests from Congress and the public, the OIG has initiated a review into the Department's actions in Washington and Portland and is also investigating use-of-force allegations involving DOJ law enforcement personnel in Portland. The review will include "examining the training and instruction that was provided to the DOJ law enforcement personnel; compliance with applicable identification requirements, rules of engagement, and legal authorities; and adherence to DOJ policies regarding the use of less-lethal munitions, chemical agents, and other uses of force." Separately, the Department of Homeland Security (DHS) OIG has announced the initiation of an investigation regarding DHS law enforcement activity in Portland, and the Department of the Interior (DOI) OIG has announced that it is investigating DOI law enforcement activity in Washington, D.C. The OIG is coordinating with the DHS and DOI OIGs in the respective investigations in Portland and Washington, D.C.

The Department must also work to ensure that, in exercising its law enforcement authorities, its components adhere to policies designed to protect individuals' privacy. A recent OIG review and follow-on audit work found serious deficiencies in a number of the Federal Bureau of Investigation's (FBI) applications for warrants under the Foreign Intelligence Surveillance Act (FISA). Such deficiencies can damage the public's confidence in the FBI and the Department as a whole. The Use of Sensitive Investigative Authorities section of this report discusses FISA and the OIG's findings in more detail.

Office of Community Oriented Policing Services. The Office of Community Oriented Policing Services (COPS) provides another avenue for strengthening public confidence in law enforcement. The COPS Office offers a number of resources to help police departments build community trust and has, in the past, sponsored competitive grant programs aimed at enhancing cultures of integrity in policing. Since 2011, the COPS Office has provided training and technical assistance to state and local law enforcement agencies through the Collaborative Reform Initiative Technical Assistance Center (CRI-TAC) program, which was created to help law enforcement agencies address issues that impact public trust, such as use of force, racial profiling, and other areas of concern. In 2017, however, the Department revised CRI-TAC's role to focus on public safety and combatting violent crime. Because building trust and mutual respect between police and communities is critical to public safety, efforts to reduce violent crime should go hand in hand with programs to strengthen public confidence in law enforcement.

Improving Transparency and Accountability in Law Enforcement

Body-worn Cameras and Law Enforcement Identification. Body-worn cameras (BWC) are one tool available to law enforcement to improve transparency and accountability and, thereby, build the trust of the communities they serve. According to OJP, since 2015, the Department's Bureau of Justice Assistance has provided more than $113 million to state, local, and tribal agencies through its Body-Worn Camera Policy and Implementation Program, with over $20 million provided in fiscal year (FY) 2019 alone. As a policy leader, the Department can set an example for BWC use by establishing effective policies and practices for its own law enforcement components. In October 2019, the Department announced a pilot program that will allow federally deputized task force officers to use BWCs while conducting arrests or executing search warrants. The OIG is currently auditing the Department's policy and practices on BWC use among its law enforcement components and federally deputized task force participants.

Recent events have also centered public attention on the issue of law enforcement identification. In June 2020, reports emerged that some federal law enforcement officers deployed to assist at protests in Washington, D.C., did not wear badges or other identifying information and, in some instances, allegedly refused to identify themselves when asked. Such reports have raised concerns about individuals' ability to hold unidentified law enforcement officers accountable for potential civil rights violations. Congress is considering bills that would require federal law enforcement officers to display identifying information and to identify themselves before using force. The Department must assure the public that its law enforcement components can be held accountable for actions they take while seeking to enforce the law.

Statutorily Independent Oversight of Department Lawyers. Another means of strengthening confidence in law enforcement is ensuring vigorous independent oversight of all stages of the Department's enforcement efforts. To that end, Congress is currently considering a bipartisan bill that would expand the OIG's jurisdiction over certain attorney misconduct matters that are at present exclusively within the jurisdiction of the Department's Office of Professional Responsibility, "a DOJ component that lacks the same statutory independence and protections the OIG is provided." Whether or not that bill becomes law, it is imperative that the Department welcome and encourage independent oversight as a means to foster accountability and public trust.

Robust Whistleblower Protections. Relatedly, the Department must work to ensure that whistleblowers feel free to come forward with allegations of wrongdoing without fear of retaliation or reprisal. As the Council of the Inspectors General on Integrity and Efficiency stated last year, "Because the effectiveness of our oversight work depends on the willingness of government employees, contractors, and grantees to come forward to us with their concerns about waste, fraud, abuse, and misconduct within government, those individuals must be protected from reprisal."

The Department continues to face challenges in ensuring that its employees, contractors, and grantees respect the role and rights of whistleblowers. Within the past year, the OIG has found three instances in which a government or contractor employee suffered reprisal for making protected disclosures or reporting alleged ethics violations. In addition, the OIG has recently issued recommendations to the Federal Bureau of Prisons (BOP) and the U.S. Marshals Service (USMS) to ensure that their respective contractors are aware of and are abiding by whistleblower protection laws. Several recent OIG audits have also uncovered whistleblower-related noncompliance in contracts awarded by DOJ components, including the Drug Enforcement Administration (DEA), the BOP, the Environment and Natural Resources Division, the USMS, and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). As the DOJ Inspector General recently testified before the House Oversight Committee, "Whistleblowers perform an essential public service in ensuring accountability in government, and it is therefore critically important that protections from retaliation be meaningful and robust."

Use of Sensitive Investigative Authorities by Department Law Enforcement

The Department's law enforcement components are tasked with complex investigations, some of which have implications for national security, or involve transnational or domestic criminal enterprises. As an aid in conducting such critical investigations, components have been granted authority to use a variety of sensitive investigative techniques, including electronic surveillance, confidential sources, undercover activities, and activities that may otherwise be illegal. While using these tactics may be an effective means to disrupt national security threats or the activities of criminals, they present substantial risks to the Department. The risks arise from reliance on the invasiveness of the techniques affecting individuals' privacy, persons with mixed motives and a history of involvement with questionable associates, activities that could endanger civilian lives, and the authorized furthering of criminal activity. Department management's challenge is to ensure appropriate controls are in place to mitigate these risks and increase the likelihood that use of sensitive investigative techniques is productive in advancing the most serious national security and criminal investigations.

The Department's Strategic Management and Oversight of Confidential Sources

Law enforcement components utilize Confidential Sources (CS) in criminal and national security investigations to identify investigative targets or infiltrate organizations representing a threat to the safety and security of our communities. However, the use of CSs is inherently risky. In FYs 2016 through 2020, the OIG reviewed the protocols for the use of CSs by the three largest Department law enforcement components, the FBI, ATF, and the DEA. Each of these audits identified significant deficiencies in internal controls, and questionable strategic uses of CSs. Common deficiencies included a lack of oversight in the CS validation process, inability to track CS payments, and inadequate management of CS activity. To mitigate such risks, the OIG recommended the Department components that were reviewed develop and implement appropriate CS monitoring, which the Department, DEA, and ATF have since resolved and closed. The OIG remains concerned about this sensitive investigative technique and the similarity of the findings present throughout these law enforcement components.

The most recent of these reviews, was the OIG's Audit of FBI's Management of its Confidential Human Source Validation Processes, issued in November 2019. During this review, the OIG found that the validation unit did not document instances that could result in the reporting of derogatory information about CSs. We also found that the FBI lacked an automated process to analyze its CS coverage to address intelligence gaps, as similarly reported in a 2016 audit of the DEA's CS program. The Department's ability to deploy appropriate resources, such as CSs, to investigations is critical to the success of operations. In addition, during the OIG's Review of Four FISA Applications and Other Aspects of the FBI's Crossfire Hurricane Investigation (Crossfire Hurricane), issued in December 2019, we found serious lapses in the FBI's handling of one CS. In view of the high-profile nature of that particular investigation, one would expect rigorous adherence to policy and guidelines. We found that was not the case. The OIG expressed concern regarding the lack of plan in place to address the possible collection of politically sensitive information by CSs and the lack of FBI policy requiring Department consultation prior to tasking CSs with consensually monitoring conversations with members of a presidential campaign. The Department components' efforts to close the OIG's recommendations in this area will assist it in mitigating the risks associated with the use of this valuable but perilous investigative authority. In response to the OIG's reports and recommendations, the FBI has nearly completed implementing a series of CS policy revisions designed to address the issues we identified.

In addition to operational risks facing the Department, the OIG continues to identify issues related to internal controls over CSs. Similar to our findings from previous DEA and ATF audits, in the November 2019 FBI audit we found that the FBI failed to follow established policies regarding communication practices with CSs and lacked required Department oversight at meetings. Additionally, we noted the Attorney General Guidelines governing CSs may not adequately reflect current operational risks. The OIG recommended that the FBI design, implement, and adhere to procedures for its long-term CSs that comply with the AG Guidelines, or coordinate with the Department to seek revisions to the AG Guidelines, as necessary. The FBI has met with the Department regularly on this issue and is actively engaged in collaboration with the Department to finalize changes to the AG Guidelines.

Not only were issues present within law enforcement components' long-term CSs, the OIG has also identified issues with the Department's use of immigration sponsorship to support criminal investigations and prosecutions, often facilitated through CS programs. In a June 2019 report, we found that the Department was not adequately monitoring DOJ-sponsored foreign nationals and we identified 62 sponsored foreign nationals who had absconded from DOJ control. As of September 2020, some Department components had not closed the recommendations to improve policies and processes to better track foreign national sponsorship information.

Because the OIG has audited DOJ component's CS programs and continued to find strategic and administrative issues, the Department should continue to assess the risk of using CSs and enhance oversight procedures over these programs. The OIG will continue to conduct oversight work in this area to provide assistance to the Department's efforts to effectively manage the associated risks.

Oversight of the Use of the Foreign Intelligence Surveillance Act

The Department's authority under the Foreign Intelligence Surveillance Act (FISA) to conduct electronic surveillance and physical searches is a powerful investigative tool that also raises civil liberties concerns. FISA orders can be used to surveil U.S. persons, and proceedings before the Foreign Intelligence Surveillance Court (FISC) inherently exclude the party surveilled. In light of this process, the Department and FBI have established procedures and safeguards, including the requirements in FBI policy that every FISA application contain a "full and accurate" presentation of the facts and that all factual statements in FISA applications are "scrupulously accurate."

The OIG's recent work has raised serious concerns about the accuracy of the Department's submissions to the FISC and the FBI's compliance with its FISA policies and procedures. In the OIG's Review of Crossfire Hurricane, the OIG found that the FBI and Department failed to meet their basic obligation of accuracy. In four applications targeting Carter Page, a former Trump campaign advisor, the OIG found at least 17 significant inaccuracies and omissions in the applications' statements of facts supporting probable cause. As a result, relevant information was not shared with Department decision makers and the FISC, and the applications made it appear that the evidence supporting probable cause was stronger than was actually the case. Due to the many basic and fundamental errors that were made by separate teams on highly sensitive FISA applications (which FBI officials expected would be subjected to close scrutiny), the OIG concluded the investigation raised significant questions regarding the FBI chain of command's management and supervision of the FISA process.

Following this review, the OIG initiated an audit to examine the FBI's compliance with its internal procedures, known as the Woods Procedures, to ensure accuracy of FISA applications. The OIG's audit focused on FISA applications targeting U.S. persons. In March 2020, the OIG issued a Management Advisory Memorandum (MAM) to the FBI in which we reported that of 29 FISA applications judgmentally sampled by the OIG, 4 applications were missing Woods files and the remaining 25 contained apparent errors or inadequately supported facts. The MAM also reported that the FBI had previously identified similar deficiencies in support for FISA applications, but that these accuracy reviews had not been used strategically to help assess the FBI's compliance with its Woods Procedures. The OIG's Woods Procedures audit is continuing. We anticipate making further recommendations to the FBI to strengthen its controls over this important and highly sensitive authority.

In light of the OIG's work, the FISC has issued several orders stating that the FBI had failed to meet its duty of candor and requiring the government to inform the FISC what it is doing to ensure that FISA applications are accurate. On August 31, 2020, in part as a result of the OIG's work, the Attorney General issued two memoranda that authorized the establishment of an FBI Office of Internal Auditing (OIA), ordered the development of compliance and oversight mechanisms and other internal controls, and created additional protocols designed to ensure the accuracy and completeness of FISA applications. As noted in the Attorney General memorandum establishing the OIA, the Inspector General agreed to assess the FBI's compliance with the memorandum within 18 months after the establishment of the OIA, to conduct a subsequent assessment within 5 years after the initial assessment, and to review the FBI Office of General Counsel's role in overseeing compliance with applicable laws, policies, and procedures relating to the FBI's national security activities. The OIG's work in this area can substantially assist the Department and FBI in addressing concerns raised by the FISC, Congress, and the American public about the use of FISA surveillance authority, particularly against U.S. persons.

"FISA is an indispensable tool that the FBI uses to protect our country from national security threats, and Americans can rest assured that the FBI remains dedicated to continuously strengthening our FISA compliance efforts and ensuring that our FISA authorities are exercised in a responsible manner."

–FBI Director Christopher Wray

The Department's Risk Assessment Practices Within Component Undercover Operations

Law enforcement components within the Department organize and implement undercover operations to infiltrate criminal enterprises. These operations often allow undercover agents or CSs to perform activities that would otherwise, without proper approval, be considered illegal. Because these activities may involve the very crimes that these components are investigating, the Department must ensure each component operates with a strong internal control framework. Based on findings from the OIG's 2012 review of the Department of Justice's and ATF's Implementation of Recommendations Contained in the OIG's Report on

Operations Fast and Furious and Wide Receiver and subsequent 2016 follow up, Department executives created protocols for assessing risk during investigations such as initiating and overseeing Sensitive Investigative Activities, using CSs, authorizing Otherwise Illegal Activities by Undercover Agents or Informants, and a series of controls for income-generating operations.

> **"Given the risks and sensitivities associated with AGEOs and the frequency with which they are used, we believe that it is essential for the Department to have an appropriately rigorous body of policy to help ensure that the risks are mitigated consistently and adequately by all DOJ law enforcement components."**
>
> **-OIG Audit of the DEA's Income-Generating, Undercover Operations**

Despite this guidance, the OIG's June 2020 Audit of the DEA's Income-Generating, Undercover Operations, known as Attorney General Exempt Operations (AGEO), found that these undercover operations exhibited issues reflecting continued ineffective oversight and management. The OIG highlighted that, "while the ultimate goals of AGEOs support the DEA's mission, the collateral consequence of assisting the basic operation of drug trafficking and money laundering organizations does not. The DEA and DOJ must improve AGEO guidance, oversight, and management to ensure that the benefits outweigh risks of the DEA engaging in authorized illegal activities." In fact, the DOJ indicted a former DEA special agent and his spouse for their alleged roles in a scheme to divert drug proceeds sourced from undercover money laundering investigations to personal bank accounts, and in September 2020, the former DEA special agent pled guilty to a 7-year scheme diverting $9 million in drug proceeds. These issues parallel oversight and management issues discovered within AGEOs at ATF in 2013, in which we found significant internal control deficiencies leading to investigations lacking specific direction and at risk for misuse of funds. The OIG is currently auditing the FBI's National Security Undercover Operations as part of our efforts to address the risks in this area.

In addition to the aforementioned subjects, the OIG has previously conducted work, highlighted challenges, and is conducting ongoing work related to other sensitive investigative techniques, such as bulk data collection, facial recognition technology, the use of National Security Letters, and the use of foreign law enforcement to aid in operations. As we noted in the FY 2019 TMPC, the OIG's 2019 review of the DEA's use of administrative subpoenas to collect or exploit bulk data from telecommunications service providers and other vendors found that the DEA proceeded without sufficient legal analysis of its subpoena authority and without adequate procedural safeguards. As of March 31, 2020, the 16 review recommendations were on hold and or pending with the OIG. The Department's responses to OIG reviews have improved its oversight of its use of sensitive authorities. In addition, corrective action taken by the FBI as a result of the OIG's reports regarding the FBI's use of National Security Letters and USA PATRIOT Act section 215 authorities has substantially enhanced oversight of the use of these investigative tools and reduced the risk of their misuse.

Overall, while the Department and components have indicated that sensitive investigative authorities are successful tools to combat threats, the use of these techniques must be tempered by sufficient controls. As reflected in the recommendations we have made in our numerous reviews of the use of sensitive investigative authorities, the OIG considers the strategic management, risk mitigation, and internal controls over the existing activities and operations noted above to be of paramount importance to the Department as it seeks to disrupt national security and criminal threats.

The Department's Contingency Planning and Response to a Global Pandemic

Responding to the rapidly evolving coronavirus disease 2019 (COVID-19) pandemic presents immediate and significant challenges for the Department, most notably in its responsibility to keep its employees, contractors, visitors, and workspaces as safe as possible. In addition to protecting its own workforce while also performing its enforcement and national security responsibilities, the Department faces growing pandemic-related challenges that include: preventing the spread of the virus among the roughly 155,000 federal inmates and 61,000 detainees in BOP and USMS custody, respectively; ensuring robust oversight of $850 million in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grant funding being disbursed by the Department to fund state, local, and tribal efforts to prevent, prepare for, and respond to COVID-19; combatting COVID-19-related fraud, scams, and violations of federal antitrust and other laws; and operating the nation's immigration courts in a manner that minimizes risk to participants while preserving individual rights. As the global pandemic continues to evolve, so, too, must the Department's response.

> **"Our country now faces a challenge the likes of which none of us have ever experienced. The coronavirus has upended every American's daily life. It threatens the health of every man, woman, and child. It has disrupted business, our basic social interactions, and how government goes about doing the work of the people."**
>
> **Deputy Attorney General Jeffrey A. Rosen, April 29, 2020**

Department Workforce Challenges

The Department employs over 115,000 personnel worldwide executing the federal government's law enforcement and national security efforts. A principal challenge for the Department is ensuring that these mission critical functions continue to operate effectively during the global pandemic while protecting the health and safety of its employees. This may be particularly challenging given the nature of the Department's investigative and classified work. The Department's core investigative operations have continued throughout the pandemic, with critical employees continuing to report to their workplace. Department employees conducting investigative work face higher risks of exposure to COVID-19, not only from reporting to the workplace but also because they must continue to interact with witnesses and subjects and make arrests. To gain a better understanding of the impact of COVID-19 on the Department's investigative operations, the OIG is currently conducting a survey of ATF, the DEA, the FBI, U.S. Attorneys' Offices, and the USMS.

Many Department employees have worked remotely throughout the pandemic and will likely continue to do so for months to come. Internal and external technological challenges, including information technology (IT) connectivity, have impacted the productivity of these employees. As mass telework continues, components are overcoming some of these challenges. However, the Department's pandemic response has highlighted how some of DOJ's IT services are fragmented or need modernization to perform optimally. In addition, the lack of mobile classified computing capabilities has hampered the Department's national security work and has necessitated that employees return to the workplace to perform classified work. Further, senior Department leadership communications have been hampered due to the lack of a Department-wide command and control system, and several DOJ components remain unable to fully leverage common virtual collaboration tools Department-wide. The combination of these IT gaps highlights the need for the Department to focus on its enterprise IT capabilities, which will improve the day-to-day mission capabilities of the Department and better position it to perform during a crisis.

As these employees begin returning to the workplace, the Department will face challenges that include accommodating social distancing practices, managing the presence of visitors (including witnesses and inmates) in the workplace, establishing contact tracing protocols in the event of an employee or visitor infection, and instituting enhanced cleaning requirements. In June 2020, the Department issued best practices to prepare for the phased return to DOJ workplaces, which included guidance on face coverings, social distancing, and temperature screening. As the pandemic continues, the Department may continue to face challenges as its employees manage issues such as childcare and high-risk individuals in their households.

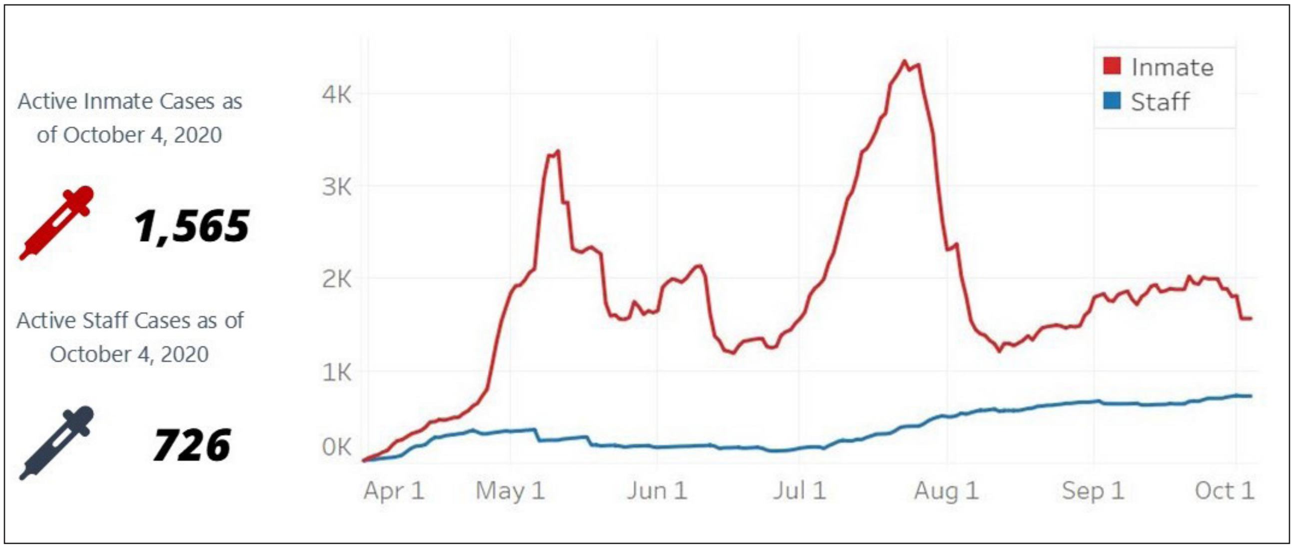
Protecting the Health and Safety of BOP and USMS Staff, Inmates, and Detainees While Maintaining Operations

In April 2020, the OIG determined that one of the most significant challenges the Department faces is protecting the safety and welfare of BOP inmates, staff, and the communities in which they serve. As of October 2020, the Department housed roughly 155,000 federal inmates and employed approximately 37,000 staff and contract employees in federal prisons, contract prisons, and residential reentry centers.

In April 2020, the OIG initiated a series of 16 remote inspections of facilities housing BOP inmates to both assess their compliance with available guidance and best practices for managing COVID-19 and assist the BOP in mitigating the health risks arising from the pandemic. On July 23, the OIG issued its first two remote inspection reports, concerning the Federal Correctional Complex (FCC) Lompoc in Santa Barbara, California, and FCC Tucson in Pima County, Arizona. Those reports presented very different situations at those two facilities, in terms of both numbers of staff and inmates infected with COVID-19 and how the respective institutions prepared for and managed COVID-19 outbreaks.

As of October 2020, approximately 18 percent of BOP inmates were housed in contract prisons and residential reentry centers—correctional environments not directly controlled by the Department. This can present additional challenges. For example, in its August 2020 remote inspections of three BOP contract prisons, the OIG found that contract prisons received most BOP guidance documents between 1 and 5 days after comparable guidance was issued to BOP-managed institutions, but some delays were more significant. The OIG will release the remaining 11 remote inspection reports in the near future and also plans to prepare a capstone report providing BOP-wide conclusions and recommendations resulting from its inspections. In addition, as shown below, the OIG launched an interactive collection of dashboards providing data relating to COVID-19 within the BOP.

Active BOP COVID-19 Cases Over Time, March 31–October 4, 2020



Source: BOP

Correctional facilities, by their very nature, can make containing a highly contagious virus difficult because they are designed to keep inmates in close or confined quarters. As the BOP continues to modify its operations to control COVID-19 transmission in its facilities, it must ensure that it issues timely guidance to staff at all facilities housing BOP inmates; addresses pre-pandemic health services and correctional staffing shortages to meet inmates' medical and mental health needs; maintains adequate supplies of personal protective equipment (PPE); maintains effective protocols for COVID-19 testing, quarantine, medical isolation, and use of PPE protocols; and continues employing social distancing strategies.

Further compounding these challenges is an aging inmate population that exhibits higher rates of underlying health conditions compared to the general population. On April 3, 2020, the Attorney General, under authority granted him by the CARES Act, directed the BOP to maximize transfers of all appropriate inmates to home confinement, particularly from facilities where COVID-19 materially affected operations. As of October 14, 2020, the BOP reported that it has transferred 7,784 inmates to home confinement. However, during the early stages of the pandemic, we found instances where the BOP was slow to use this authority to mitigate the effects of COVID-19 by reducing the inmate population. The OIG's remote inspection of FCC Lompoc found that its use of home confinement to contain the spread of COVID-19 at the facility was limited: although over 900 Lompoc inmates had contracted COVID-19 as of May 13, 2020, only 8 had been transferred to home confinement under the CARES Act. In light of these findings, the OIG is also currently assessing the Department's and the BOP's use of early release authorities to manage the spread of COVID-19 across its institutions.

In addition to the BOP, as of August 2020 the USMS was overseeing over 61,000 detainees awaiting trial or sentencing decisions, about 70 percent of whom were held in over 850 different state, local, or tribal facilities under the terms of intergovernmental agreements. Of particular concern is the USMS's decentralized system, which creates potential safety issues as detainees are transferred between facilities and to and from federal courthouses and U.S. Attorney's Offices. To assist the USMS in mitigating health risks, the OIG is conducting a review of the USMS's response to the COVID-19 pandemic to assess compliance with available guidance and best practices for preventing, managing, and containing potential COVID-19 outbreaks in its detention settings.

Oversight and Administration of CARES Act Funding

The CARES Act, which was signed into law on March 27, 2020, appropriated $1.007 billion to the Department to respond to the COVID-19 pandemic. Of the $1.007 billion, $850 million (84 percent of the total) was allocated to the Department's Office of Justice Programs (OJP) to award grants to fund eligible states, units of local government, federally-recognized tribes, U.S. territories, and the District of Columbia to prevent, prepare for, and respond to the COVID-19 pandemic. As noted in the OIG's June 2020 Pandemic Response Report, recipients of OJP's Coronavirus Emergency Supplemental Funding (CESF) awards will be operating under unprecedented circumstances, including reductions in administrative staff that may weaken internal control systems. The OIG is currently reviewing OJP's administration of CARES Act funding to assess OJP's efforts to distribute CESF funding in a timely and efficient manner and determine whether CESF awards were made in accordance with applicable laws, regulations, and other guidelines.

In July 2020, the OIG issued an interim report on OJP's administration of CARES Act funding, which found that OJP had distributed CESF awards quickly and in accordance with CARES Act requirements. The OIG did identify two areas of concern specific to the CESF program. First, the OIG found that some local CESF awards had gone to areas with few reported positive COVID-19 test results. Although the report noted that "in and of itself, this is not an indicator that the funding will be used for unallowable purposes," it found that "OJP's CESF monitoring strategy may benefit if oversight protocols consider factors such as recipients who are in areas with few positive COVID-19 test results or deaths." Second, the OIG found that the CESF program is vulnerable to fraud schemes and stated that "OJP should consider providing regular updates of known fraud schemes to its CESF community." According to OJP, it has taken actions to address the concerns identified in the OIG's interim report, including posting information about fraud schemes on its website.

The OIG will continue to issue periodic focused interim reports regarding OJP's administration of CARES Act funding, to both provide transparency to the public and ensure that OJP can review and respond to areas of potential risk in a timely manner.

Combatting COVID-19-Related Fraud, Scams, and Violations of Federal Antitrust Laws Through Effective Enforcement

The CARES Act and other pandemic related funding have resulted in the spending of over $2.6 trillion. As a result, the Department's law enforcement components will face increased demands in identifying and prosecuting opportunists attempting to exploit the COVID-19 pandemic funding through frauds and other scams that harm the public, while continuing to combat its non-COVID related law demands. In March 2020, the Department warned the business community of its intent to hold accountable those who violate antitrust laws in connection with the manufacture, distribution, or sale of public health products such as face masks, respirators, and diagnostics. The Department is coordinating the efforts of its law enforcement components with the Pandemic Response Accountability Committee and Inspectors General communities related to stimulus funds fraud. The Department's Procurement Collusion Strike Force—a partnership with federal, state, and local government agencies the Antitrust Division established in November 2019 to target violations of criminal antitrust laws in the competitive bidding process—has also worked to identify collusion and other COVID-19 related criminal schemes that impact public procurement. Additionally, in March 2020, the Attorney General directed the creation of a COVID-19 Hoarding and Price Gouging Task Force to "aggressively pursue bad actors who amass critical supplies either far beyond what they could use or for the purpose of profiteering." In September 2020, the Acting Assistant Attorney General for the Criminal Division, in speaking about the Paycheck Protection Program, noted that "any time the federal government makes a large amount of money available to the public on an expedited basis, the opportunities for fraud are clear."

The OIG has identified a variety of pandemic-related criminal schemes, including online scams, fraudulent medical equipment sales, and COVID-19 treatment and cure scams, among others. According to the FBI, as of September 2020, the FBI's Internet Crime Complaint Center had received and reviewed more than 22,000 complaints related to COVID-19 fraud, many of which concerned websites that advertised fake vaccines and cures, operated fraudulent charity drives, or delivered malware. In August 2020, the Department announced that it had obtained a temporary restraining order to shut down fraudulent websites exploiting the COVID-19 pandemic through the sale of scarce products, such as hand sanitizer and disinfectant wipes, to consumers who never received the products.

Pandemic-related fraud schemes also pose financial risks to the Department. In a May 2020 memorandum, the OIG issued a fraud alert to warn Department procurement executives of instances in which DOJ components may have been provided substandard or mislabeled PPE, including N95 and KN95 face mask respirators. The OIG is taking appropriate actions in response to these developments. As the pandemic creates new opportunities for bad actors to target vulnerable individuals and entities, the Department's challenge is to swiftly identify, investigate, and prosecute illegal conduct.

Mitigating Health Risks While Ensuring the Rights of Individuals Subject to Immigration Court Proceedings

The Department's Executive Office for Immigration Review (EOIR) faces challenges in minimizing the health risks to all persons involved in immigration proceedings while at the same time ensuring the rights of individuals subject to those proceedings. EOIR employs approximately 520 immigration judges and over 1,200 support staff to operate its 69 immigration courts and adjudication centers nationwide. In March 2020, in response to the COVID-19 pandemic, EOIR temporarily postponed all removal hearings of non-detained individuals and individuals subject to the Department of Homeland Security's (DHS) Migrant Protection Protocols (MPP) program. Although individual immigration courts have closed intermittently for brief periods since late March, the courts have generally remained open for the performance of essential functions, including bond hearings, hearings in detained cases, and the processing of mail and filings.

Starting in mid-June, EOIR began resuming hearings in non-detained cases in select immigration courts, and as of October 23, 2020, 32 immigration courts have resumed non-detained hearings. Non-detained hearings at other immigration courts remain postponed through at least November 6, 2020. One immigration court that was closed prior to the outbreak of COVID-19 remains closed. On July 17, DOJ and DHS announced a plan to determine when to resume MPP removal hearings, though those hearings have not yet resumed as of October 2020.

In its June 2020 report identifying COVID-19 challenges for the Department, the OIG noted that EOIR has already "faced challenges in mitigating health risks for all those involved in these immigration cases," including "securing PPE for its staff and a lack of remote options to perform some work necessary to ongoing operations." Several members of Congress have also raised concerns that EOIR's decision to resume hearings of non-detained individuals will not only impact public health and safety but also potentially threaten the fundamental fairness of immigration proceedings. The OIG is currently conducting a limited-scope review of EOIR's response to the COVID-19 pandemic to assess EOIR's communication to staff, parties to proceedings, and the public about immigration court operations; its use of PPE; its use of worksite flexibilities; and its ability to mitigate health risks while maintaining operations during the COVID-19 pandemic.

Maintaining a Safe, Secure, and Humane Prison System

Maintaining a safe, secure, and humane prison system remains a challenge for the Department and the BOP. The challenges the BOP has faced in the past—maintaining the overall safety of inmates, staff, and the public; interdicting contraband in its facilities; budget and staffing shortages; rising medical care costs due to an aging prison population; and long-term infrastructure maintenance—continue to impact the BOP. During 2020, the unexpected and unprecedented challenges presented by the COVID-19 pandemic exacerbated the strain on BOP. The First Step Act (FSA) of 2018 and the CARES Act of 2020 may help address some of these challenges, if the BOP is able to use effectively the authorities provided for by these laws.

Budget, Inmate Population Management, and Staffing Priorities

From 1980 to 2013, the total number of federal inmates grew exponentially, from 24,640 to 219,298. BOP budgets rose accordingly. In a 2013 report, the OIG noted that from FY 2001 to FY 2013, BOP's budget rose from 20 percent to 25 percent of the Department's total discretionary budget. Indeed, from FY 2000 to FY 2016, the nominal per capita cost of incarcerating an inmate in the federal system increased every fiscal year from approximately $22,000 per inmate to nearly $35,000 per inmate. Consequently, even though the BOP inmate population has declined by 29 percent from 2013 to 2020 to a current total of approximately 155,000 total inmates, the BOP continues to account for fully 24 percent of the Department's total budget request in 2020.

Two recent laws have contributed to the BOP's ability to reduce the inmate population in prison settings. The primary goals of the FSA were to improve criminal justice outcomes and reduce the size of the federal prison population while also creating mechanisms to maintain public safety. Within a year of its enactment, by January 2020, the FSA had resulted in: the release of over 3,100 federal prison inmates from BOP custody based on good conduct; 3,470 reductions of mandatory minimum sentences for crack cocaine offenses; and the expanded use of home confinement for low risk and terminally ill offenders. On March 27, 2020, the CARES Act authorized the BOP to expand home confinement authority for federal inmates if the Attorney General found that emergency conditions will materially affect the functioning of the BOP. Additionally, on March 26, 2020, and April 3, 2020, the Attorney General issued memoranda to the BOP regarding prioritizing the use of statutory authorities to grant home confinement for inmates seeking transfer in connection with the pandemic. In his April 3, 2020 memorandum, the Attorney General made the required finding that enabled the BOP to expand its home confinement authority. In response to these memoranda, on April 22, 2020, the BOP determined that it would prioritize for home confinement inmates who, in addition to meeting other basic suitability factors, either: (1) have served 50 percent or more of their sentences; or (2) have 18 months or less remaining on their sentences and have served 25 percent or more of their sentences.

As of October 14, 2020, the BOP reported that it has transferred 7,784 inmates to home confinement. Nonetheless, we have identified concerns in our inspections regarding whether the BOP fully utilized this authority at institutions that were experiencing COVID-19 outbreaks, as the Attorney General had directed. For example, we found in a July 2020 remote inspection report that despite 75 percent of the inmates at a facility within FCC Lompoc testing positive for COVID-19, as of May 13—3 months into the pandemic—only 8 inmates had been transferred to home confinement. Additional remote inspection reports of BOP facilities will similarly examine BOP's use of the CARES Act home confinement authority. In addition, the OIG is conducting a broader review of the BOP's use of home confinement as a tool to mitigate the effect of the COVID-19 pandemic on the federal prison population. This review will assess the BOP's process for implementing home confinement under the CARES Act, the process for its consideration of the eligibility criteria outlined in the Attorney General's guidance, and the process by which BOP headquarters evaluated wardens' recommendations that inmates who did not meet the Attorney General's criteria be placed in home confinement.

Despite the declining inmate population, the BOP has continued to experience significant staffing shortages for correctional officers, medical staff, and other positions. Hiring and retention remain significant obstacles. According to data provided to the OIG, the BOP had a 16 percent vacancy rate for correctional officers as of June 2020, amounting to 3,350 unfilled CO positions, and during FY 2019, BOP employees worked 6.71 million overtime hours, the equivalent of 3,107 full-time positions. These vacancies created additional challenges for the BOP as it responded to the COVID-19 pandemic. In March 2020, the BOP directed Wardens to limit the movement of staff between different areas of an institution to help control the spread of infection. However, our July 2020 remote inspection report found that FCC Lompoc officials delayed implementation of this directive for 15 days due to a preexisting shortage of correctional staff.

Medical staffing issues remain a challenge for BOP, and the challenge is particularly acute with respect to medical personnel. In January 2020, in an effort to improve healthcare recruiting and retention, the Department and OPM formally granted the BOP authority to pay physicians and dentists using the laws governing medical professional compensation in the U.S. Department of Veterans Affairs (Title 38 Pay Plan), which results in higher pay than the BOP would otherwise be able to offer. Previously only BOP psychiatrists had been approved for this pay. The BOP reported to the OIG that when it completes the required implementation steps, a total of 311 BOP psychiatrists, physicians, and dentists will be covered by the Title 38 Pay Plan. While we would expect that this action will provide important assistance to the BOP in addressing its healthcare staffing needs, more must be done to improve healthcare staffing levels, relative to the inmate population. For example, a 2020 remote inspection report found that at the Metropolitan Detention Center (MDC) Brooklyn, which houses over 1,600 inmates, shortages in medical staff resulted in the facility struggling to meet the medical needs of inmates without COVID-19 symptoms. BOP staff reported that 160 MDC Brooklyn inmate sick call requests dating to early July 2020 had not been scheduled or seen as of late September 2020. In addition, MDC Brooklyn Health Services staff indicated that both sick call requests and wait times increased significantly due to COVID 19.

Physical Safety and Security

Contraband. Contraband is a pervasive problem that requires the BOP to constantly evolve to combat new means of introduction, whether by staff or inmates. Any contraband within the prison system creates a safety risk to BOP staff, inmates, visitors, and the public.

The OIG published a report in 2016 which made 11 recommendations to the BOP to improve its ability to interdict contraband introductions. While the BOP has taken some corrective actions, 5 of the 11 recommendations remain open, including those related to revising its contraband staff search policy and upgrading its security camera system. In the 2016 report and several investigations, we found that the BOP's security camera system had serious deficiencies that adversely affected the OIG's ability to secure prosecutions of staff and inmates. The OIG determined that inmates can conceal illicit activities when they are aware of blind spots within the camera system. The BOP must expeditiously finish upgrading its security camera system to mitigate contraband introductions and other security risks.

A recent OIG audit found that the BOP faces significant and growing challenges in protecting its facilities from drone threats. Drones have been used to deliver contraband to inmates, but could also be used to surveil institutions, facilitate escape attempts, or transport explosives. In March 2020, an OIG investigation resulted in two men being charged with conspiring to use drones to smuggle contraband into Fort Dix Correctional Institute. During the investigation, the OIG obtained evidence of at least seven drone contraband deliveries at Fort Dix since July 2018.

Source: BOP

The OIG audit found that the number of reported drone incidents increased by over 50 percent from 2018 to 2019, though this data likely underestimates the full extent of the threat. We determined that the BOP needs to enhance its tracking of drone incidents to fully understand the threat. While recent legislation granted DOJ and the Department of Homeland Security additional authority to combat drone threats and the Federal Aviation Administration has approved temporary flight restrictions over 109 of the BOP's 122 federal facilities, the OIG found that delays in DOJ guidance and an absence of BOP protocol and training have hampered the BOP's efforts to safely deploy counter-drone measures. Continued coordination will be needed within DOJ and among other federal agencies to keep pace with rapidly evolving drone technology. Implementation of the OIG's recommendations will assist the Department in addressing the threat posed to BOP security by drones.

Promoting Accountability and Integrity. A significant challenge facing any prison system, including the BOP's, is promoting a culture of professionalism and integrity. A 2017 Bureau of Prisons Office of Internal Affairs report identified the most frequently sustained categories of misconduct were personnel prohibitions, unprofessional conduct, and failure to follow policy. The failure of a single staff member at an institution to follow the rules, or to comply with the law, can create serous dangers to other staff members and to inmates. OIG investigations have identified that these risks can arise across job responsibilities, from correctional officers, to healthcare workers, to Wardens and other senior managers. Indeed, a recently concluded OIG investigation resulted in the conviction of a chaplain employed by a BOP institution for smuggling Suboxone, synthetic cannabinoids, marijuana, cellular telephones, tobacco, and other contraband into the prison in exchange for bribe payments resulting in a 40-month sentence. Additionally, the OIG is investigating multiple allegations of correctional officers failing to conduct required safety checks and falsifying logs by stating that they did. For example, four correctional officers were indicted in the Eastern District of North Carolina for allegedly falsely stating that they had conducted safety checks in connection with three unrelated inmate deaths at the FCC in Butner, North Carolina in 2019. In November 19, 2019, after the death of high-profile inmate Jeffery Epstein, two staff members were indicted for allegedly failing to conduct their required safety checks and falsifying records. Professionalism and accountability are essential foundations for staff and inmate safety.

Inmate Healthcare and Welfare

According to a 2017 Government Accountability Office (GAO) report, the BOP's obligations for healthcare rose from $978 million in FY 2009 to $1.34 billion in FY 2016, an overall increase of about 37 percent. These rising costs are largely due to an aging prison population, rising pharmaceutical prices, and increasing costs of outside medical services. As discussed in the COVID-19 Challenges for the U.S. Department of Justice report, the COVID-19 pandemic enhances the challenges of providing adequate medical care to those in custody.

The BOP faces considerable challenges due to inadequate policies, pre-planning, and contract management related to healthcare. In early 2020, the OIG found not all BOP institutions reported certain drug purchases to the BOP's Central Office, and until March 2018, the Central Office did not store or analyze historical purchase-level data. Additionally, the OIG determined the BOP did not ensure its institutions were procuring pharmaceutical drugs in the most cost-efficient ways such as effectively obtaining Big 4 pricing, a discounted government pricing available to specific agencies, or utilizing competitive bidding when required. Similarly, a 2017 GAO study determined the BOP lacks or does not analyze certain healthcare data required to understand and control its costs.

Based on recent reviews, the OIG found BOP policies do not always adequately address the needs of inmates. For example, a 2018 review reported BOP programming and policy decisions do not fully consider the needs of female inmates related to trauma treatment programming, pregnancy programming, and feminine hygiene. In 2019, a review of MDC Brooklyn facilities determined an absence of BOP policies relating to emergency preparedness led to inmates being unable to receive adequate healthcare during a power outage.

The OIG also has found that the BOP did not always provide proper administrative oversight in managing its contracts, specifically, for comprehensive medical services and mental health services. These audits identified the BOP's major weaknesses as unclear contract requirements, failure to review performance, and an inability to establish contract pricing methodology. In 2017, the OIG recommended that the BOP require comprehensive medical services contractors to submit electronic claims, ensure those claims are properly analyzed and maintained, and enforce contract language regarding fraud monitoring. Three years later, the BOP has not finished implementing these recommendations.

Infrastructure Issues

The BOP continues to encounter challenges maintaining its facilities and equipment. In its FY 2021 Budget Submission, the BOP reports that many of its facilities and much of its systems and equipment (water, sewer, electrical, and heating/air conditioning) remain aged and overused. Our recent work has revealed that BOP infrastructure issues have negatively affected the conditions of confinement for inmates. As discussed in last year's TMPC report, in September 2019 the OIG released a review and inspection in which we found that MDC Brooklyn had been aware of unresolved heating and cooling issues since at least 2014. These issues caused temperatures in certain housing units to drop below the BOP target temperature of 68 degrees on multiple occasions in winter 2019 and, at other times, exceed 80 degrees. Since our September 2019 report, the BOP has made progress on the recommendations. However, several recommendations remain open. These include recommendations to complete heating, ventilation, and cooling equipment upgrades; take further action to diagnose and remedy temperature regulation issues if such upgrades are not effective; and ensure the use of a consistent and sound method to measure and document building temperatures.

The BOP acknowledges that failure to maintain structures can cause direct and indirect security problems. Deteriorated facilities heightened an increased risk of escape, inability to lock down cells, and potential violence due to frustration over inadequate living conditions, such as leaking and collapsing roofs. Further, as the condition of these facilities worsen, it can result in the BOP taking housing units off-line, which reduces bed space and increases system-wide crowding. As of January 2, 2020, the size of the BOP inmate population exceeded the rated capacity of its prisons by 10 to 20 percent on average, depending on the security level.


Source: BOP, with OIG enhancement

The infrastructure design of certain institutions made it difficult for the BOP to follow COVID-19 safety guidelines. For example, our July 2020 remote inspection found that FCC Lompoc's infrastructure of open bar cells rather than solid doors potentially increases the risk of COVID-19 spreading among inmates. In addition, the inspection found that inmates at one Lompoc facility were housed open dormitory style with bunk beds 3 feet apart from each other rather than the Centers for Disease Control and Prevention (CDC) guidance of 6 feet apart. In another inspection report released in July 2020, we found that FCC Tucson similarly housed inmates open dormitory style but, in contrast to FCC Lompoc, was able to increase the distance between inmates by spacing out bed assignments. In general, we found that FCC Tucson adhered to applicable COVID-19 related BOP policies and CDC guidelines and regularly communicated these changes to staff and inmates. The OIG also conducted inspections of the BOP's contract facilities. In August 2020, we issued reports in which we found that three contract facilities generally had open dormitory housing in which inmate beds are in close proximity. As noted in the pandemic section of this report, we further found that contract prisons experienced delays in receiving BOP guidance related to COVID-19. The BOP relies on contract facilities to house approximately 14,000 federal inmates. Contract prisons received most of their guidance documents between 1 and 5 days after comparable guidance was issued to BOP-managed institutions, but some delays were more significant. It is important for the BOP to ensure that contract facilities receive timely guidance so that they can take appropriate measures to contain the spread of the virus. Our inspection reports are intended to assist the BOP and the DOJ in identifying strategies to most effectively contain current and future COVID-19 outbreaks.

Recidivism

It is critical that the Department understand the changing factors that impact recidivism and develop programs designed to reduce recidivism risks.

The most recent comprehensive study by the U.S. Sentencing Commission (USSC) found that over an 8 year period, 49.3 percent of federal offenders released were rearrested; 31.7 percent of the offenders were also reconvicted, and 24.6 percent were reincarcerated. Moreover, a 2019 USSC report found that offenders who engaged in violent criminal activity recidivated at a significantly higher rate than non-violent offenders.

In December 2018, the FSA required the BOP and the Department to develop a system which, among other things, would assess the recidivism risk and criminogenic needs of all federal prisoners and place them in recidivism-reducing programs based on their specific needs. In response, the BOP created a risk assessment tool called the Prisoner Assessment Tool Targeting Estimated Risk and Need (PATTERN), in July 2019. According to a January 2020 report by the Office of the Attorney General , the Department is monitoring the use of PATTERN and will consider making future improvements and adjustments to the tool. The OIG will continue to monitor the Department's and BOP's efforts to implement the FSA.

Safeguarding National Security and Countering Domestic and International Terrorism

Enhancing national security and countering terrorism threats remain top priorities for the Department. The threats posed to the United States range from sophisticated, external plots to attacks conducted by self-radicalized lone actors influenced by foreign and domestic violent ideologies. The Department faces immense challenges in responding to such disparate threats. In addition, vigilance to the threats posed by insiders who seek to harm national security through unauthorized disclosures and theft of government secrets, and the outsiders who target our nation's most valuable secrets to gain a political, military, or economic advantage presents entirely different yet equally complex challenges.

Disrupting and Defeating Terrorist Operations

Among the Department's highest priorities are countering the threats posed by foreign and domestic terrorism. With respect to foreign terrorist organizations (FTO), the FBI remains focused on organizations such as al Qaeda and ISIS that have proven resilient despite setbacks and defeats. In February 2020, the FBI Director testified that, "In recent years, FTOs' use of the Internet and social media has enhanced their ability to disseminate terrorist propaganda and training materials to attract and influence individuals in the United States." In addition, in 2019 the FBI Director testified that, "Due to online recruitment, indoctrination, and instruction," FTOs no longer have to find ways to "get terrorist operatives into the country to carry out acts of terrorism."

Source: FBI

Domestically, the United States faces threats by both homegrown violent extremists (HVE) and domestic violent extremists (DVE). HVEs are global jihad-inspired individuals who are in the United States, have been radicalized primarily in the United States, and are not receiving individualized direction from an FTO. DVEs are individuals who seek to commit violent, criminal acts to further ideological goals stemming from domestic influences, such as those of a political, religious, social, racial, or environmental nature. The FBI believes that HVEs and DVEs currently present the "greatest" terrorist threat to the United States.

In a March 2020 OIG report, we found the FBI had not taken sufficient action to resolve certain weaknesses in its process for assessing potential HVEs and lacked comprehensive strategies to mitigate emerging challenges related to assessing potential HVEs. While the FBI conducted reviews following HVE attacks that identified the need for the FBI to improve its process for assessing counterterrorism threats and suspicious activities, we found the FBI did not ensure field offices implemented the changes and best practices recommended. Additionally, the FBI conducted an enterprise-wide evaluation of its database for tracking and managing threats and recommended additional investigative action in 6 percent of counterterrorism assessments closed between 2014 and 2016. However, we found the FBI did not ensure field offices took appropriate action to address these investigative deficiencies. As a result, nearly 40 percent of these counterterrorism assessments went unaddressed for 18 months after deficiencies were known. We further found the FBI needs to provide adequate guidance and training to field offices to appropriately and consistently handle challenges associated with the crossover between terrorist threats and other categories of threats, such as criminal threats to life that do not have a national security nexus and threats posed by persons with mental health issues. While the FBI has made combatting HVEs one of its top priorities, more work must be done. We made seven recommendations to assist the FBI in its efforts to identify HVEs through counterterrorism assessments. The FBI's response to our recommendations will assist the Department's efforts to address this "greatest threat" to the nation. As such, the FBI has been working with the OIG since the issuance of the report to implement the necessary corrective actions to close the seven recommendations.

In another March 2020 OIG report, we found the BOP had not identified all domestic and foreign terrorist inmates in its custody and thus did not adequately monitor their communications. We found, despite BOP policy requiring staff to monitor 100-percent of the social communication such as telephone calls and emails of terrorist and other high-risk inmates, the BOP had not monitored, or had only partially monitored, thousands of such communications. In addition, we found the BOP did not take appropriate steps to ensure information about all formerly incarcerated terrorists was provided to the FBI. We made 19 recommendations to improve the BOP's accounting for, monitoring of, and security over terrorist inmates, including recommendations the BOP work with the Department to determine an accurate population of terrorists in or in transit to its institutions, establish controls that mitigate the risk of inmates communicating with unknown and un-vetted parties, and review and implement policy and procedures to ensure BOP staff are providing appropriate attention to the communications they are required to monitor. The OIG's recommendations will assist the Department in mitigating the risk of terrorists continuing their activities while in BOP custody, and the potential radicalization of other inmates by terrorist inmates engaging in prohibited activities while in custody.

In addition to the HVE threat, the FBI faces the continuing challenge of addressing threats from DVEs. According to June 2019 testimony by FBI officials before the House Oversight and Reform Committee, Subcommittee on Civil Rights and Civil Liberties, the FBI is addressing the threat posed by domestic terrorists by ensuring that every FBI field office has at least one counterterrorism squad, and some offices have a squad solely dedicated to domestic terrorism investigations. In April 2019, the FBI established the Domestic Terrorism-Hate Crimes Fusion Cell to "address the intersection of the complementary FBI missions to combat domestic terrorism and provide justice to those who are victims of hate crimes." The fusion cell facilitates information sharing across FBI divisions and positions the FBI to focus not only on current threats or recent attacks, but also to look to the future to prevent the next one.

In October 2020, the Department charged six individuals with conspiring to kidnap the Governor of Michigan, and the Michigan Attorney General charged another seven individuals with providing material support of terroristic activities. The FBI and Michigan State Police made the arrests as multiple conspirators met to pool funds for explosives and exchange tactical gear. When announcing the arrests, an FBI Assistant Special Agent in Charge stated that when extremists move into the realm of planning violent acts, "the FBI Joint Terrorism Task Force stands ready to identify, disrupt and dismantle their operations, preventing them from following through on those plans." As part of the OIG's ongoing assessment of risks in Department operations, the OIG will continue monitoring the FBI's efforts to combat domestic terrorism.

Counterintelligence and Counterespionage

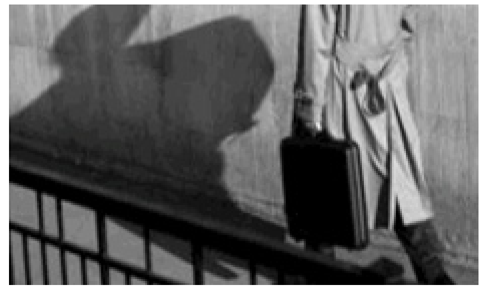
Foreign intelligence services seek our nation's state and military secrets. The FBI has "observed foreign adversaries employing a wide range of nontraditional collection techniques," including using individuals who are not affiliated with intelligence services to collect information, investing in critical U.S. sectors, and infiltrating U.S. supply chains. For example, a recent U.S. Senate Permanent Subcommittee on Investigations staff report criticized the FBI for responding slowly to threats posed by Chinese "talent recruitment plans," and for lacking a coordinated national outreach program to address them. The Thousand Talents Plan, the most prominent talent recruitment plan, incentivizes individuals engaged in research and development in the United States to transmit information to China. According to the report and recent criminal prosecutions, talent recruitment plan members have downloaded sensitive electronic research files before returning to China, submitted false information when applying for grant funds, and willfully failed to disclose or lied about receiving money from the Chinese government on U.S. grant applications. The FBI Director recently described the counterintelligence and economic espionage threat from China as the "greatest long-term threat to our nation's information and intellectual property, and to our economic vitality." The Department must confront this threat by continuing to identify, investigate, and prosecute foreign adversaries and their affiliates who threaten our national security, and by providing businesses and educational institutions with the information they need to protect their own most valuable assets.

Threats to U.S. Election Security

Russia, China, Iran, and other foreign actors threaten the security of U.S. elections when they seek to interfere in the voting process or influence voter perceptions. These threats may take the form of disinformation or other social media campaigns or cyberattacks on state and local infrastructure. The Department's principal roles in combatting election interference are its counterintelligence activities in identifying, detecting, and disrupting threats to our election security, and the investigation and prosecution of federal crimes, such as violations of the Foreign Agents Registration Act and Computer Fraud and Abuse Act. According to a Deputy Assistant Attorney General of the Department's National Security Division, the Department also assists election officials, other public officials, candidates, and social media companies in "hardening their own networks, products, and platforms against malign foreign influence operations." In FBI Director Wray's written remarks on September 17, 2020, before the House Homeland Security Committee he stated, "Our nation is confronting multi-faceted foreign threats seeking to both influence our national policies and public opinion and cause harm to our national dialogue. The FBI and our interagency partners remain concerned about, and focused on, the covert and overt influence measures used by certain adversaries in their attempts to sway U.S. voters' preferences and perspectives, shift U.S. policies, increase discord in the United States, and undermine the American people's confidence in our democratic processes." Furthermore, the Directors of the FBI, National Security Agency, Cybersecurity and Infrastructure Security Agency, and National Counterintelligence and Security Center issued a joint message on October 6, 2020, discussing their agencies' commitment and methods to protect and ensure the integrity of the 2020 election.

As noted in the October 2019 Volume II of the bipartisan Senate Select Committee on Intelligence (SSCI) Report on Russian Active Measures Campaign and Interference in the 2016 U.S. Election, in 2016 Russian operatives masqueraded as Americans and "used targeted advertisements, intentionally falsified news articles, self-generated content, and social media platform tools to interact with and attempt to deceive tens of millions of social media users in the United States." Although the Committee found that the U.S. intelligence community's ability to identify and combat foreign influence operations carried out via social media channels has improved since the 2016 U.S. presidential election, it cautioned that detecting foreign influence operations on social media becomes more difficult as the underlying enabling technology continues to advance. As a result, one of the most significant challenges for the Department is detecting and disrupting these evolving threats to our election security, in order to preserve the integrity of our elections and the will of the American people.

Combatting Insider Threats and Unauthorized Disclosures


Source: FBI

In accordance with its 2018-2022 Strategic Plan, the Department must continue to protect itself against insider threats and potential leaks of sensitive information. The Department recently has prosecuted insiders who allegedly made unauthorized disclosures of sensitive information. These insiders have included a Defense Intelligence Agency counterterrorism analyst who pleaded guilty in connection with charges that he provided classified national defense information to two members of the news media, and a former federal government employee and contractor who pleaded guilty in connection with charges that she improperly retained a classified document that outlined intelligence information. The Department has also prosecuted government insiders, including former CIA officers, for sharing or attempting to share information with our foreign adversaries as part of our adversaries' espionage and intelligence-gathering efforts.

In addition, the Department should maintain a high level of vigilance to mitigate the insider threat risk. Among other things, it should examine its controls over employee and contractor access to sensitive information, limit such access to those required to have it, and ensure that it continuously monitors and updates the list of persons with authorized access. In 2017, the OIG issued a report on its audit of the FBI's insider threat program. We made eight recommendations to improve the FBI's program for deterring, detecting and mitigating malicious insider threats, including recommendations that the FBI ensure insider threat leads are handled and monitored in a systematic way, and that all classified systems and networks have user activity monitoring coverage. The FBI concurred with all of our recommendations. More recently, the OIG initiated an audit that will assess the FBI's internal controls related to the physical security of covert video and audio equipment and data under a contract awarded by the FBI to a third party.

To protect itself, and the nation's security, from insider threats, the Department must promote and cultivate an internal culture that values the security of sensitive information, and the confidentiality obligation that all Department employees have.

Protecting the Nation and Department Against Cyber-Related Threats and Emerging Technologies

Cyber-related threats have the potential to adversely impact the national security and the domestic economy. As both a law enforcement agency and a member of the Intelligence Community, the Department has an integral role in protecting the nation against these threats. Moreover, as a repository of classified national security information, law enforcement sensitive information, and other sensitive but unclassified information, the Department must ensure that its own information systems are secure in the face of cyber-related threats.

Responding to Known, Evolving, and Novel Threats

Adversaries of the United States utilize cyber technologies to advance their political, military, and economic interests. In July 2020, the Director of the U.S. National Counterintelligence and Security Center (NCSC) warned in connection with the 2020 national election that malicious cyber actors are trying to gain access to U.S. state and federal networks, including those responsible for managing elections. Moreover, the NCSC Director identified China, Russia, and Iran as adversaries who seek to harm our electoral process. Similarly, the Director of National Intelligence testified in 2019 that hostile states and actors including China and Russia are "intensifying online efforts to influence and interfere with elections" in the United States and abroad. Further, the Senate Committee on Intelligence investigated Russian interference in the 2016 national election and found in a July 2019 bipartisan report that Russia attempted to influence and undermine the U.S. electoral process.

Source: FBI

Although the Department continues to dismantle cyber-enabled terrorist financing campaigns, initiate criminal investigations into individuals who have conducted cyberattacks on private companies and citizens, and prosecute perpetrators of ransomware attacks against local municipalities and public institutions, many critical cyber threats remain.[1] These threats include cyber scams against individuals, such as ransomware attacks and extortion through social media accounts, theft of trade secrets, and cyberstalking. Additionally, according to the FBI, terrorist and criminal organizations are using sophisticated cyber tools including cryptocurrency and social-media-based fundraising to finance their operations. As cyber technologies and the manner in which they are employed evolve quickly, the Department's challenge is to coordinate closely with other government agencies on strategies to anticipate novel cyber threats, while continuing its successful efforts to thwart known methods of attack.

An important response strategy to mitigate cyberattacks ensures victims are notified of cyber intrusions. In 2019, the OIG reviewed the FBI's Cyber Victim Notification process and identified issues with the completeness and reliability of the data stored in the FBI's data system. These issues rendered the FBI unable to determine if all victims were notified of

1 Ransomware is a type of malicious software, or malware, which prevents computer users from accessing computer files, systems, or networks and demands the payment of a ransom for their return.

cyber intrusions and impaired the ability of victims or potential victims to mitigate threats to their systems. The FBI agreed with the OIG's recommendations to close this information gap to address victim vulnerability.

Emerging technologies, such as unmanned aircraft systems (UAS) and three-dimensional printed firearms, present new challenges to the Department. UAS-commonly referred to as drones-have become more powerful and easier to pilot, and, as such, the Attorney General has noted, "they have also become a more attractive tool for criminals, terrorists, and other bad actors to cause disruption and destruction." To assist the Department in addressing its challenges related to emerging technologically-related threats, the OIG issued a report in September 2020 on the Department's efforts to protect BOP facilities against threats posed by UAS, including contraband delivered to BOP facilities by drones and other security threats posed by drones. We found the BOP faces significant and growing challenges to protect its facilities from drone threats and needs to improve its tracking of drone incidents, improve its drone response guidance, and collaborate with the Department and other federal agencies to identify and obtain technologies suitable to secure BOP facilities from drone threats. We made seven recommendations to improve the BOP's tracking of drone incidents and promote efforts to protect its facilities against drone threats. The threat posed by drones to BOP institutions is discussed further in the Prisons section of this report.

Three-dimensional (3-D) printing of firearms represents another emerging technology trend with implications for public safety. The OIG is auditing the ATF's oversight of 3-D firearm printing technology. Our preliminary objective is to evaluate the effectiveness of ATF policies and procedures regarding the regulation and oversight of 3-D firearms technology and trafficking. The OIG expects to provide recommendations during FY 2021 to assist the Department in addressing the challenges presented by this emerging technology.

Challenges Investigating and Prosecuting Cyber-related Crime

Encryption and Lawful Access. Impenetrable device encryption can prevent law enforcement from searching for or accessing evidence on devices that have been lawfully-seized, and end-to-end encryption can interfere with the Department's ability to effectively conduct wiretaps of individuals who are suspected of planning or engaging in criminal activity.[2] According to the Attorney General's Cyber Digital Task Force (Cyber Digital Task Force), encryption can limit the Department's access to critical evidence and hinder its efforts to investigate a wide variety of criminal activities, including violent crime, drug trafficking, child exploitation, money laundering, and domestic and international terrorism. Additionally, according to the Cyber Digital Task Force, many communications service providers are not retaining the means to access encrypted data even if necessary to comply with a search warrant or court order.

To overcome the challenge that encryption poses, the Department is continuing to engage with technical experts and explore and utilize other options for accessing encrypted data and devices, such as by lawfully exploiting software vulnerabilities. However, such methods may be expensive, time-consuming, and not universally applicable. For example, it took FBI technical experts over four months to gain access to significant evidence stored on two Apple iPhones belonging to Mohammed Saeed Alshamrani, the perpetrator of the December 6, 2019 shooting at Naval Air Station Pensacola that killed three U.S. sailors and severely wounded

2 Devices with end-to-end encryption, also known as warrant-proof encryption, can be timely decrypted only by the end user or customer.

eight other Americans—even though the court authorized the FBI to search the iPhones within one day of the shooting. In a March 2018 OIG report, we examined the circumstances under which the FBI, assisted by a third party, was able to access the data of an iPhone of Syed Rizwan Farook, one of the subjects believed to have been responsible for the December 2, 2015 terror attack in San Bernardino, California. We found that inadequate communication and coordination caused a delay in engaging all relevant personnel from the FBI's Operational Technology Division (OTD), as well as the outside party that ultimately developed the method that unlocked the phone, in the search for a technical solution to the Farook iPhone problem. The FBI took steps to address these issues before the publication of our report. We recommended that the FBI take the remaining necessary steps to improve coordination between the FBI units that work on computer and mobile devices.

The Department has also monitored and explored potential legislation that seeks to address the lawful access problem by, for example, imposing lawful access assistance requirements on certain defined classes of major communications and device operating system providers.

The Dark Web. The "dark web," or Darknet, is a part of the Internet that cannot be accessed through standard web browsers and allows individuals to hide their identity and location. According to the Cyber Digital Task Force, criminals regularly use the dark web to facilitate many types of criminal activity, including narcotics and arms trafficking, identity theft, and the sexual exploitation of children. The investigation and prosecution of criminal activity conducted on the dark web continues to be a significant challenge for the Department.

Despite this ongoing challenge, the Department has had some recent success disrupting illegal dark web activities. For example, in September 2020, the Department, through the Joint Criminal Opioid and Darknet Enforcement (JCODE) team, joined Europol to announce the results of Operation DisrupTor, a coordinated international effort to disrupt opioid trafficking on the Darknet. According to the Department, Operation DisrupTor resulted in the arrest of 179 Darknet drug traffickers and criminals who engaged in tens of thousands of sales of illicit goods and services across the United States and Europe. In October 2019, the Department announced the indictment of a South Korean national for his operation of Welcome To Video, a child sexual exploitation marketplace on the dark web; the takedown of the site; and the arrests of and charges filed against 337 site users. The Department credited the law enforcement operation, conducted by the Department and other U.S. and international law enforcement agencies, for the rescue of at least 23 minor victims who were being actively abused by the users of the Welcome To Video site.

Source: DOD

The OIG recently completed an audit that covered numerous aspects of certain DEA undercover investigative activity and found that the DEA's management of undercover money laundering investigations involving virtual currency on the dark web was insufficient due to inadequate headquarters management, lack of policies, inadequate internal control procedures, insufficient supervisory oversight, and lack of training. As the Department expands its traditional investigations to target dark web activities, the Department's challenge is to ensure that it has proper procedures and oversight in place.

The OIG is currently auditing the FBI's strategy and efforts to disrupt illegal dark web activities. The preliminary objective of our work is to assess the implementation of the FBI's dark web strategy. The OIG expects to provide recommendations to the FBI early in FY 2021 to assist the Department in improving its investigative and planning efforts related to the dark web, and developing a coordinated FBI-wide dark web approach.

Strengthening the Department's Capabilities and Defenses

The critical work of the Department involves the collection and use of a large volume of classified, law enforcement sensitive, and privacy protected information. The Department must ensure that its data systems and information handling protocols are appropriately secure to protect such information. Each year, the OIG assesses the effectiveness of the Department's information security program and practices, as required by the Federal Information Security Modernization Act (FISMA). Each evaluation must include: (1) testing the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems; (2) an assessment (based on the results of the testing) of compliance with FISMA; and (3) separate representations, as appropriate, regarding information security related to national security systems.

For FY 2019, in addition to assessing the information security programs of the Tax Division and each component identified below, the OIG assessed the following component-specific systems: FBI's Enterprise Application Service Program, Land Mobile Radio Network, and Legacy Pocatello Data Center; the International Criminal Police Organization (INTERPOL) Washington, U.S. National Central Bureau's OA/Envoy System; the Justice Management Division's (JMD) Personnel Accountability and Assessment System; OJP's Denial of Federal Benefits and Defense Procurement Fraud Debarment Clearinghouse System (DFB/DPFD); the Tax Division's Office Automation System; and the BOP's Sentry System. We found deficiencies in the IT security of each component whose information system we assessed, and we made recommendations for improving each component's information security program. We also identified at least one weakness in each of the following: the FBI's Legacy Pocatello Data Center, the BOP's Sentry System, and the OJP's DFB/DPFD System. The Department's attention to the issues we identified and recommendations we made is important to preserving the Department's information security and protecting Department information from cyber-related threats.

In addition, during criminal and administrative investigations, the OIG found systemic concerns with the BOP's compliance with cyber security and related issues. Based on these concerns, the OIG issued a MAM to the BOP regarding the practice of allowing personnel to have a "personal container" on their government-issued phones without properly training the personnel on appropriate uses of the container. In addition, the OIG identified non-compliance by the former FBI Director with Department policies regarding use of personal devices to conduct official Department business. These practices pose security risks and undermine the Department's ability to maintain appropriate security over the sensitive information it regularly processes. The Department should take steps, consistent with the OIG's recommendations, to ensure better adherence to computer rules of behavior to enhance the security of information processed on Department systems.

The Opioid Crisis, Violent Crime, and the Need for Strong Law Enforcement Coordination

The past year has seen progress and setbacks in the areas of the opioid epidemic and violent crime. While nationwide violent crime declined in 2018 and the first 6 months of 2019, FBI statistics reflect a 15 percent increase nationally, between 2019 and 2020. The opioid epidemic has been complicated by the COVID-19 pandemic during 2020. After drug overdose deaths declined for the first time in 25 years in 2018, they rose again in 2019, and are currently on track to rise substantially in 2020. Critical to addressing these two enforcement and community priorities is coordination among law enforcement agencies. As the nation's leading law enforcement agency and supporter of local law enforcement efforts, this is one of the significant challenges that the Department continues to face.

Law Enforcement Coordination and Information Sharing

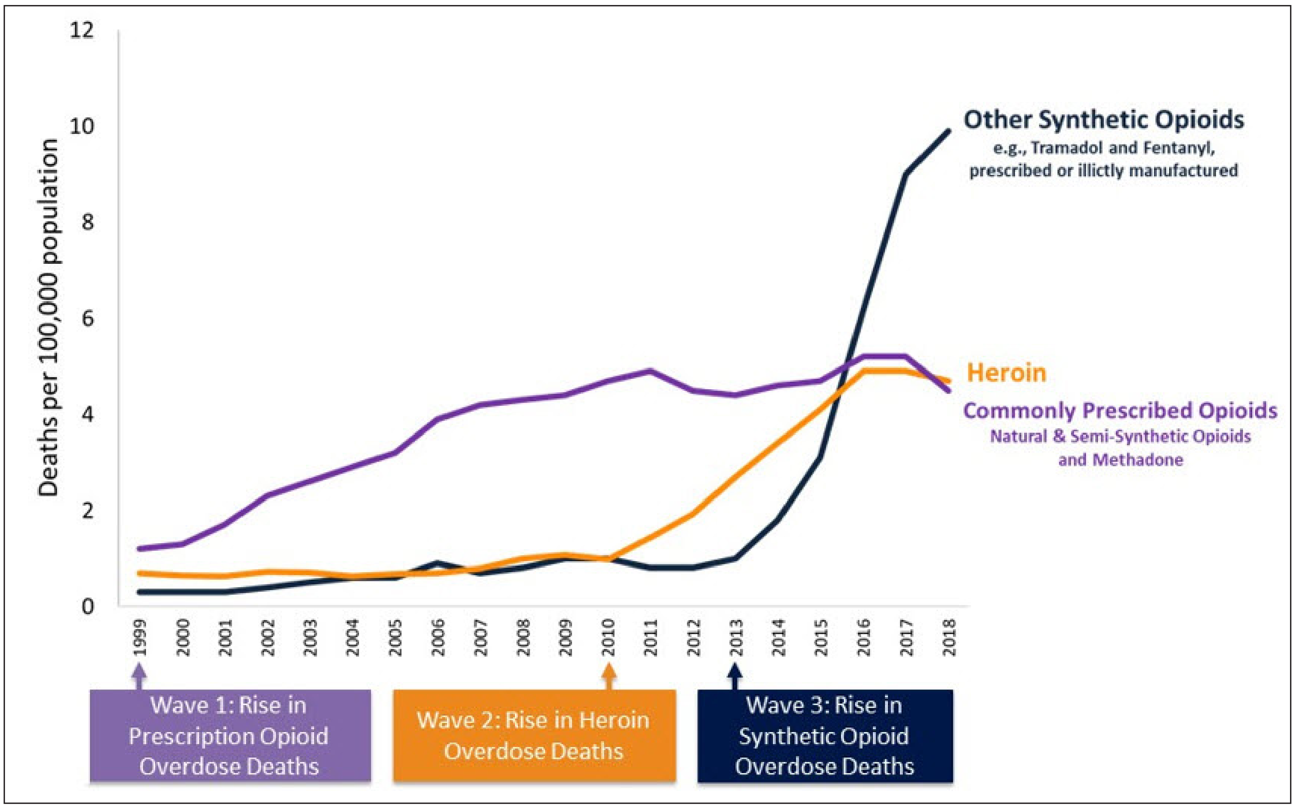
Information sharing among federal agencies is an ongoing challenge. For example, as noted in the OIG's FY 2019 TMPC Report, a July 2019 joint DOJ and Department of Homeland Security OIG review of law enforcement cooperation on the Southwest border found a lack of information sharing policies between the FBI and Homeland Security Investigations (HSI), resulting in over one-third of special agent survey respondents reporting at least one cooperation failure between agencies, a range of deconfliction and information sharing issues that required attention, special agents lacking an understanding of the other agency's mission and authorities, and many agents lacking trust in the other agency or its personnel. This review made five recommendations to improve cooperation between the FBI and HSI. Further indicative of the lack of coordination between these two federal agencies is that more than a year after issuance of the joint report, the key recommendation, requiring a memorandum of understanding between FBI and HSI on information sharing and coordination, remains open. Although the FBI has agreed with the recommendation, HSI has not concurred.

Combatting violence and hate crimes requires the effective collection and sharing of detailed information among federal, state, local, and tribal law enforcement agencies. According to OJP, since the 1970s, the OJP's Regional Information Sharing Systems (RISS) Grant Program has fully funded 6 regional networks that connect more than 9,400 local, state, federal, and tribal law enforcement and public safety agencies. The RISS program awarded a total of nearly $29 million in 2019. RISS coordinates the sharing of law enforcement sensitive information and intelligence, deconfliction notifications, and investigative data. In September 2019 and August 2020 audits, the OIG identified grant funds being used for unallowable purchases, including to pay professional dues to the RISS Director's Association (RDA). In November 2019, we issued a MAM recommending that OJP consider requiring RISS Centers to stop funding the RDA because the RDA used those funds for gifts and payments to an organization that provides lobbying services. This unallowable use of grant funds shows the need for enhanced internal controls with the RISS program and reflects the challenge of facilitating coordination and information sharing, which are essential parts of the law enforcement mission.

The Opioid Crisis

After rising every year for 25 consecutive years, drug overdoses declined slightly in 2018, only to increase by 4.8 percent in 2019, and set a new record high of nearly 73,000 deaths in the 12-month period ending in February 2020. Although the DEA initially reduced the annual quota for opioids in 2020, the public health emergency of the coronavirus pandemic led to a reversal of this decision, as well as other policy changes that were intended to ensure availability of opioids for ventilator patients stricken with COVID-19 and other patients who suddenly lacked direct access to doctors and clinics. A May 13, 2020 report by the Office of National Drug Control Policy shows an 11.4 percent year-over-year increase in fatalities for the first 4 months of 2020, and an increase of 18.6 percent for non-fatal overdoses during that time frame. If the current trend of overdose deaths continues through 2020, it will be the sharpest annual increase since 2016, when the synthetic opioid, fentanyl, first made significant inroads into the country.

3 Waves of the Rise in Opioid Overdose Deaths



Source: CDC National Vital Statistics System Mortality File

The Department currently participates in many initiatives including 15 health care fraud strike forces in 24 districts. According to a joint statement from the Department's Director of Opioid Enforcement and Prevention Efforts and the Assistant Administrator of the DEA's Diversion Control Division, these task forces conducted over 1,300 investigations in 2018 and charged over 300 doctors with health care fraud involving opioids, a 52 percent increase from the previous fiscal year.

The OIG has recently issued three reports relating to the continuing efforts to address the opioid epidemic. The reports found that the DEA had made progress in key areas, such as forming partnership with state and local counterparts and allowing the public to safely dispose of unwanted pharmaceuticals; however, these reports also identify a number of areas where additional efforts and improvements could be made, such as outcome-based performance strategy and data analysis to minimize coverage gaps. DEA's effort to close the OIG's recommendations in these reports, described below, will assist the Department in its continued efforts to address the ongoing challenges presented by opioids.

In a 2019 report, the OIG made several findings and recommendations relating to the DEA's strategy to address the diversion of opioids from permissible to illegal purposes. The OIG report cited, among other things, failures of the DEA's preregistration process to adequately vet all new applicants and policy shortcomings which allowed individuals whose registration had been revoked or surrendered to reapply for registration the day after losing their registration. In the past year, the DEA has taken positive actions relating to these recommendations. For example, on October 23, 2019, the DEA launched a new centralized database for distributors to make Suspicious Order reports, along with other regulatory improvements that will better allow the DEA to identify and investigate registrants who violate the Controlled Substances Act. Further, the DEA reopened an interim final rule which allows practitioners to write prescriptions for controlled substances electronically. However, the DEA still has work to do in connection with the OIG's 2019 report, including taking steps to ensure that DEA diversion control personnel responsible for adjudicating registrant reapplications are fully informed of the applicants' history and are implementing electronic prescribing safeguards to combat prescription fraud.

In September 2020, the OIG issued a report on the DEA's community-based efforts to combat the opioid crisis. Since 2016, the DEA has deployed in 20 "pilot cities" its "360 Strategy," which brings together U.S. Attorney's Offices, state and local law enforcement, educators, prevention and treatment providers, and other entities to reduce the impact of opioid misuse and addiction. Taking these actions to enhance coordination with their state and local counterparts, as well as health care professionals, was an important step forward by the DEA. The OIG report found, however, that despite multiple oversight efforts, the DEA still lacks an outcome-oriented performance measurement strategy to assess the effectiveness of its 360 Strategy. Consequently, the OIG recommended that the DEA develop clearly defined goals prior to project implementation and include a focus on sustainability. We further recommended that the DEA enhance its pilot city selection process by supplementing its use of CDC data with broader information. For example, we found that the DEA should review field data on fentanyl from an availability and seizure standpoint, since most current data shows that fentanyl causes about as many U.S. deaths as prescription opioids and heroin combined. In addition, the DEA should enhance its efforts to both increase awareness of treatment options and correct misconceptions related to its position on medication-assisted treatment. We also found that the DEA should strengthen its collaboration with other Department components, including OJP, which grants nearly half a billion dollars to combat the opioid crisis, and the COPS Office, which can enhance the DEA's opioid-related efforts from a law enforcement perspective.

In September 2020, the OIG also released a report on the DEA's National Drug "Take Back" Initiative (NTBI). Since 2010, the DEA has held the NTBI to provide easy, anonymous opportunities to remove medicines in the home—including unused, expired, or unwanted prescription drugs—that are highly susceptible to misuse, abuse, and theft. This audit found that since 2010, the NTBI has successfully facilitated the collection and destruction of over 12 million pounds of unwanted and potentially dangerous pharmaceuticals. As part of these efforts, the OIG recommended that the DEA perform regular analysis of Take

Back Day activities, in conjunction with available data from within the DEA or external sources, to identify strategies for expanding Take Back Day participation by state and local counterparts, minimize coverage gaps, and better inform the public of all prescription drug disposal options. Through such analysis, the DEA can better target its efforts to increase law enforcement agency participation and community awareness. For example, the OIG found that the DEA could identify locations that would benefit most from the Take Back Day Program by using existing data on where prescription drug diversion and opioid use presents the greatest challenge.

Source: DEA

Source: DEA

The OIG is also conducting ongoing work related to the Department's response to the opioid crisis. In December 2019, the Department announced awards of more than $333 million to help communities affected by the opioid crisis, ranging from drug courts to a comprehensive program for opioid abuse, called the Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP). Recently, OIG initiated an audit of the COSSAP to assess the oversight and management of the program, thereby further assisting the Department's efforts in this area.

The opioid epidemic is not only a critical public health issue facing the nation, but also a significant challenge of public safety for the Department. The OIG will continue to conduct rigorous oversight to ensure that the Department adequately addresses this crisis.

Violent Crime

Ensuring the safety of our communities by reducing violent crime continues to be a critical challenge for the Department. While the U.S. violent crime rate is nearly half of what it was at the 1992 peak, violence remains a persistent problem for many communities. Between 2014 and 2016, homicides increased 20 percent, the highest rate of increase in 49 years. Since then, the Department's FY 2019 Performance Report indicated that it achieved 11 of its 13 FY 2019 targets for reducing violent crime and promoting public safety. However, in 2020, there has been a substantial increase in violence in many cities. Additionally, the FBI reports that hate crimes against minority groups continue to rise. Indeed, the FBI Director has testified that the "top threat we face from domestic violent extremists stems from those we identify as racially/ethnically motivated violent extremists." The pandemic has heightened these concerns and prompted legislation to be introduced in Congress to combat COVID-19 hate crimes. As always, the challenge is to focus the most effective law enforcement efforts and violence reduction programs in the areas that need them most.

The Department identified the reduction of violent crime as a goal in its 2018-2022 Strategic Plan. The Department's strategies for accomplishing this goal include activities intended to: (1) support, train, and work in partnership with state, local, and tribal partners to make communities safer; (2) dismantle violent transnational criminal organizations and gangs; (3) protect victims of crime from exploitation and revictimization; and (4) identify, arrest and prosecute violent criminals for gun violence and other violent crimes.

In FY 2020, the Department launched Operation Relentless Pursuit, an initiative aimed at combatting violent crime, through a surge of federal resources, in seven cities experiencing increasing levels of violence. Subsequently, in July 2020, the Department initiated Operation Legend, which sought to also involve state and local law enforcement officials in this effort. Since the latter operation's launch, through August 31, 2020, more than 2,000 arrests have been made, including 147 for homicide.

The OIG is currently reviewing the Department's strategic plan and accountability measures for combatting violent crime, including coordination across Department prosecution, law enforcement, and grant-making components. This review will also assess the Department's strategic plan for providing assistance to communities that are confronting significant increases in homicides and gun violence.

Regarding the Department's efforts to combat international crime, the OIG is conducting an audit of the DEA's establishment and oversight of DEA-supported foreign law enforcement units as part of its ongoing efforts to dismantle violent transnational criminal organizations and gangs. Among other things, the audit will evaluate the DEA's process for establishing DEA-supported law enforcement units abroad, including Sensitive Investigative and Protective Police Units.

As the Department continues to confront rising violent crime, as well as the ongoing national opioid epidemic, the OIG will focus its oversight on the effectiveness of the Department's efforts in these critical areas.

Ensuring Financial Accountability of Department Contracts and Grants

In FY 2019 the Department awarded approximately $8.5 billion in contracts and over $4.9 billion in grants. The passage of the CARES Act in March 2020 provided $1 billion in funding to the DOJ for addressing the COVID-19 pandemic, of which $850 million is being administered by OJP. Oversight of all contracts and grants awarded to ensure financial accountability and mitigate the risks of fraud or misuse of contract and grant funds is an ongoing challenge. The Department faces an added challenge in connection with the CARES Act awards because of the urgent need to have made the awards promptly.

Contracts Oversight

Compliance with the FAR. The Federal Acquisition Regulation (FAR) is a complex set of rules, and the DOJ continues to face challenges administering and overseeing its contracts in compliance with the FAR. As discussed in last year's TMPC report, multiple OIG contract audits consistently identified FAR-related noncompliance.

Frequent Findings in OIG Contract Audits included in July 2020 Management Advisory Memorandum:

- **Inadequate execution of contract oversight responsibilities**
- **Insufficient quality assurance practices**
- **Non-compliance with contract-related laws and regulations**

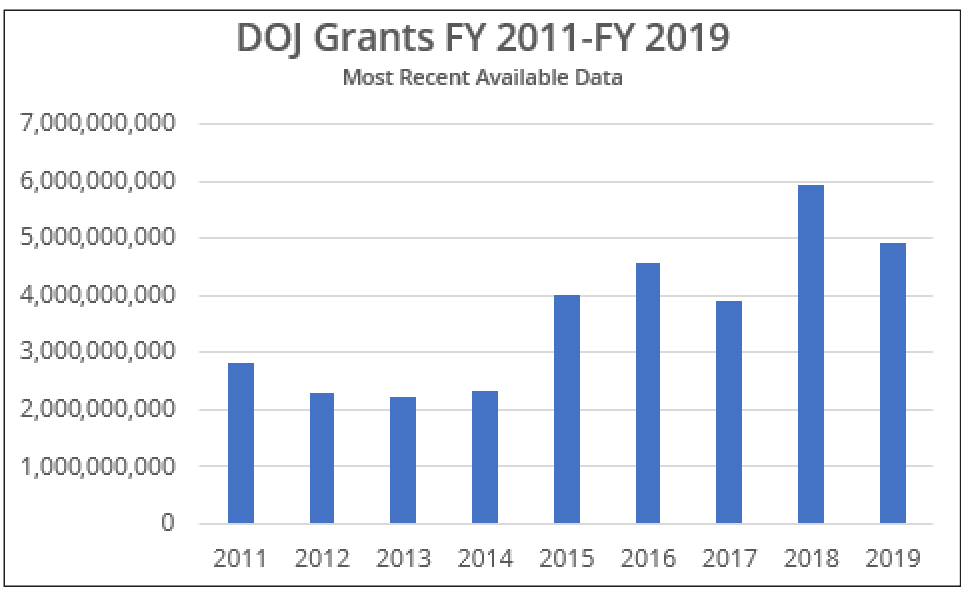
In FY 2020, we have continued to find compliance issues with the FAR in contract audits. For instance, in June 2020, we issued an audit report of the ATF's administration of its sole-source contracts to a vendor for criminal gun intelligence services in support of the National Integrated Ballistic Information Network. This audit found that ATF did not ensure appropriate oversight of contractor performance, and did not include required whistleblower protection clauses in the contracts. Persistent findings from contract audit reports over time suggest a pattern of systemic weakness in contract administration and FAR compliance that the DOJ must address.

To assist the Department in improving its adherence to the FAR and its contract oversight, in July 2020, the OIG issued a MAM to the JMD. Our MAM identified the recurring, potentially systemic issues from our reports and summarized our findings and recommendations. Specifically, among other things, our MAM reported that from FY 2013 through FY 2019, the DOJ awarded over $54 billion in contracts for products and services. Over those same 7 years, OIG audits of the DOJ's contracts have frequently found noncompliance with the FAR due to inadequate execution of contract oversight responsibilities; insufficient quality assurance practices; and failure to maintain documentation to support procurements, maximizing competition, and avoiding personal services contracts. This MAM recommended that the JMD consider including contract management in its enterprise-level risk management prioritization. We further recommended that the JMD ensure components update their contractor-related monitoring policies, as well as develop policies and procedures for proper training of contract Task Monitors and accurate and timely submission of contractor performance evaluations to the Contract Performance Assessment Reporting System. JMD agreed with all four recommendations. The Department can improve its oversight of the significant monies awarded through contracts by implementing these OIG recommendations.

Procurement Issues at the BOP. In addition to contract audits, OIG investigations have led to the issuance of a MAM to the BOP in spring 2020 over concerns of how it procures food products, which accounted for 5.7 percent or $401 million of its FY 2019 budget. Specifically, a series of recent OIG investigations found that the BOP does not have a quality assurance plan to ensure that food products procured by the BOP meet the specifications outlined in contracts. As a result of our investigations, two individuals pleaded guilty in 2019 to charges related to providing $1 million of adulterated meat of more than 775,000 pounds to 32 BOP institutions. More recently, our investigation led to three companies and two individuals being debarred in August 2020 for 3 years by the DOJ's Debarment Official for knowingly providing adulterated food products in connection with over $500,000 in contract awards. In our MAM, the OIG made 3 recommendations to the BOP to enhance its procurement practices on pre-award diligence, contractor performance, and quality controls. These recommendations are designed to help BOP reduce the risks of fraud and inadequate contractor performance.

Grants Oversight

The graph below shows the amount of funds awarded in grants by DOJ components since FY 2011, which as the chart reflects grew substantially in FY 2015. The reason for the increase is that Congress more than tripled the annual amount of Crime Victim Funds (CVF) available from the previous year to enhance the provision of victim services through grants awarded by OJP. Since that same year, the OIG has received $10 million each year to provide oversight of this enhanced CVF funding.



Source: OIG analysis of data from OJP, Office on Violence Against Women and the COPS Office

Adequate controls over the administration and management of grant funds present a continuing challenge for the DOJ and increase the risk of fraud. Specific areas of concern include the CVF, OJP methodology of addressing dollar-related recommendations, and non-

CVF grant program issues. The current public health crisis has heightened these concerns after the DOJ received dedicated grant funding from the CARES Act to address the pandemic.

Pandemic Grant Funds. In addition to managing existing grant programs and awarded contracts, the DOJ must also implement adequate controls on funding from the CARES Act. The infusion of funds that resulted from the pandemic has increased the potential of fraud and misuse of public resources, as we have alerted the DOJ procurement executives in a May 2020 memorandum. In the pandemic section of this TMPC report, we discuss our interim report on OJP's implementation of CARES Act grant funds and our finding that the OJP has awarded Coronavirus Emergency Supplemental Funding (CESF) grants in a timely manner based on our ongoing review. For the OJP and the Department, the additional challenges following the grant awards are ensuring that award recipients use the funds to address the pandemic and mitigating the risk of potential misuse of the monies.

CVF: Audits and Outreach Efforts. In recent years, our TMPC reports have discussed challenges of administering and overseeing CVF grants due to the significant increase of available funds since FY 2015. Established by the Victims of Crime Act (VOCA) of 1984, the CVF collects criminal fines and penalties which it then distributes annually to all states and most territories to support victim services. From January 2016 to the present, we have issued more than 70 CVF-related audit reports, including two comprehensive audits issued in 2017 and 2019 on OJP's efforts in managing the CVF. These two comprehensive audit reports found CVF grant recipients struggling with monitoring thousands of subrecipients, as well as some complex and ambiguous criteria. OJP agreed with the 25 recommendations in these two reports on improving its administration of the CVF, and has made significant improvements to address these recommendations by issuing written guidance to clarify reporting discrepancies and offering financial management training to the states and subrecipients.

We also conducted outreach in 2019 and 2020 by co-presenting with the Department's Office for Victims of Crime at the annual training conference of the National Association of VOCA Assistance Administrators. At these conferences, attended by CVF grant awardees, we discussed audit procedures and insights from the more than 200 recommendations in our CVF audit reports to highlight best practices for the grantees, and how they could avoid common pitfalls. While we believe these outreach efforts will enhance compliance with the grant rules, we continue to identify issues of concern in our recent CVF audits. Although these state grantees enhanced their programs serving crime victims, we identified inadequate financial controls, such as inaccurate calculations on state certification forms and ineffective policies to detect unallowable and unsupported expenditures. Closing the OIG's recommendations in connection with CVF awards will greatly assist the Department in its oversight of the substantial funds it receives to award for crime victim services.

Corrective Actions on Audit Recommendations. Federal guidance requires auditees to respond to OIG audit recommendations, including completed or planned courses of action in response to recommendations, and timeframes for final resolution. In March 2020, the OIG issued an audit report that examined OJP's review of corrective actions for dollar-related recommendations issued by the OIG regarding DOJ grant recipients. The OIG found that OJP remedied these recommendations often by issuing retroactive approvals for costs that we had determined were unallowable by the terms of OJP's grants at the time of the audit, or accepting supporting documentation not made available by grantees to the OIG during the audit. The average timeframe for closing all recommendations in a report for our review scope was over 3 years. OJP agreed with the OIG's three recommendations in this report to enhance its review of post-audit corrective actions by grant recipients. By addressing our audit recommendations with grant recipients in a timelier manner, the Department can ensure better contemporaneous accountability by the grantees for their use of funds, and enhance the overall quality of its grant oversight efforts.

Grant Monitoring: Safety-Issues and Reliable Metrics. Another challenge that the Department has faced is programmatic concerns in grant programs. For instance, in last year's TMPC report we discussed two 2019 audits that identified problems in grant programs that provided programming for the benefit of minors—one report related to DOJ's youth-centered grant programs and the other report related to a school district grant recipient. While the DOJ works towards implementing recommendations of those audit reports, we have continued to find programmatic concerns in recent grant audits. In May 2020, the OIG issued an audit report of two OJP cooperative agreements from the Comprehensive Services for Victims of Human Trafficking program to a non-profit. The audit found that the grant recipient did not comply with a special condition on submitting policies and procedures on maintaining confidentiality of victims' names, addresses, telephone numbers, or any other identifying information, within 90 days of the award. In March 2020, the OIG issued an audit report of four cooperative agreements from the same program to another non-profit recipient. Although we did not identify the same safety concerns as the previous example, we found that all progress performance reports we reviewed had inaccurate or unsupported metrics on outreach, training, and trafficking victim referrals. The DOJ must strengthen the implementation of its grant programs to ensure that resources accomplish its goals through reliable metrics and without harming participants.

Strategic Planning: The Department's Challenges to Achieve Performance-Based Management and to Enhance Human Capital

Pursuant to the Government Performance and Results Modernization Act of 2010 (GPRA Modernization Act), the Attorney General established four strategic goals in the DOJ FY 2018-2022 Strategic Plan. One of these goals encompasses promotion of "good government," which has as its objectives the achievement of management excellence, workforce development, and deployment of innovative technology.

In July 2016, the Office of Management and the Budget (OMB) issued Circular A-123 which stated, "Over the years, government operations have changed dramatically, becoming increasingly complex and driven by changes in technology. At the same time, resources are constrained, and stakeholders expect greater program integrity, efficiency and transparency." Accordingly, Circular A-123 made policy changes requiring agencies to implement an Enterprise Risk Management (ERM) capability coordinated with the strategic planning and strategic review process established by the GPRA Modernization Act, and the internal control processes required by Federal Manager's Financial Integrity Act (FMFIA) and GAO's Green Book. This "integrated governance structure" is intended to "improve mission delivery." Consequently, Department leaders are faced with challenges in their mission-driven efforts to (1) achieve performance-based management and (2) to enhance its human capital according to the current DOJ Strategic Plan, which entails producing accurate information and developing the workforce as described below.

The Department's Challenge to Achieve Performance-Based Management

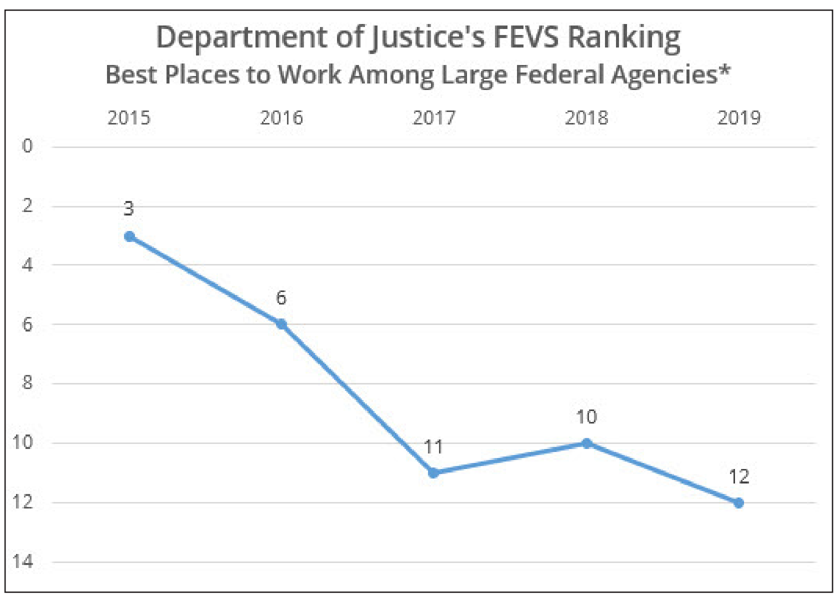
Performance-based management involves using reliable statistics and narratives to ensure programs are achieving set goals and contributing to the overall mission of the Department. Despite the critical nature of utilizing performance data, many Department components lack either meaningful performance measures or the data necessary to evaluate their programs. For example, the Department has identified disrupting and dismantling drug trafficking organizations to curb opioid and other illicit drug use in our nation as one of its measured objectives. Within this objective, the DEA is tasked with submitting certain data to the Department, such as the number of opioid prescriptions and diversion cases completed. However, in a September 2019 report, the OIG found that DEA did not use its available resources, including its data systems, to detect and regulate diversion effectively. Further, in a September 2020 report, the OIG found that between 2016 and 2019, the DEA deployed its 360 Strategy in 20 communities across the U.S., where it has helped to increase awareness of opioid-related issues, provide training, build anti-drug coalitions, and create online resources available to the public at no charge. While these are positive strides, the OIG found that the DEA needs to improve performance metrics to assess the value and effectiveness of the community-based efforts undertaken as part of its 360 strategy. We similarly found in a June 2020 review that although the DEA identified certain undercover operations as one of its most successful tools, the DEA did not track operational achievements in a way that allowed DEA management, the Department, or Congress to understand whether operations successfully completed the authorized objectives and goals, built cases that led to prosecutions, and deprived criminals of ill-gotten gains. We also found that the DEA did not always leverage information or strategically evaluate connections between these undercover operations.

In addition, the OIG has significant concerns regarding components' ability to capture, track, and utilize data to improve operational performance. For example, in a February 2020 review, the OIG found that BOP needs to ensure that institutions track and report all of their prescription drug purchases for inmate health care, not just those from prime vendors. This review highlighted that additional data was necessary and analyzing existing data thoroughly would assist the BOP in its efforts to control costs, seek more favorable drug prices, and reduce waste resulting from unused drugs. The need to collect additional data and analyze existing data was also noted in a June 2019 audit in which the OIG found that Department components were not adequately monitoring and tracking appropriate data on sponsored foreign nationals used in investigations and prosecutions, even though tracking these individuals is critical to protect the public. The OIG's audits and reviews of various components indicate that performance-based management is an issue that the Department should address in order to gain efficiencies in programs and better achieve goals.

> **"We recommend that the DEA enhance its outcome-oriented performance measurement strategy to clearly define programs goals prior to project implementation, ensure an evidence-based assessment of those goals during and after project completion, and include a focus on program sustainability."**
>
> **Audit of the DEA's Community-Based Efforts to Combat the Opioid Crisis**

The Department's Challenge to Enhance Human Capital

To achieve the goal of "good government" as identified in the DOJ Strategic Plan, one of the Department's strategies is to employ, develop, and foster a collaborative, qualified, high-performing, and diverse workforce. The 2019 Federal Viewpoint Survey (FEVS) results highlight that the Department scored poorly in several categories, causing the Department's ranking among best places to work among the large federal agencies to decline from 2015 to 2019. Some of the FEVS categories include effective leadership, work-life balance, support for diversity, training and development, and performance-based rewards and advancement. A low FEVS ranking reflects and impacts the Department's ability to recruit and retain employees. Although the Department's mission



*The number of large agencies included in this ranking was 19 in 2015, 18 in 2016 and 2017, and 17 in 2018 and 2019.

Source: Best Places to Work

remains a strength, the market for top talent is highly competitive. Thus, in furtherance of its goal of employing a high performing and diverse workforce, the Department and each component should take action to improve in each of the FEVS categories reflected.

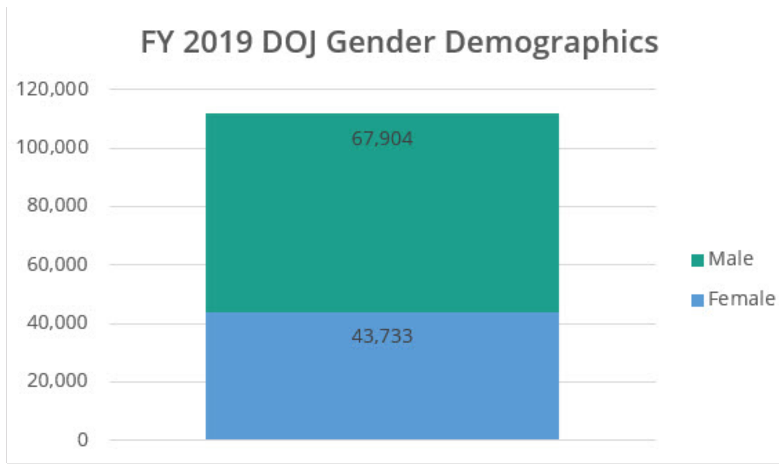
Highly Skilled Professionals. The Department faces challenges recruiting and retaining employees to fill certain mission-critical positions. For example, the Attorney General's July 2018 Cyber-Digital Task Force report describes ongoing challenges in recruiting and retaining experienced cyber investigators and attorneys, who are offered higher salaries in the competitive private sector. As noted in previous years' TMPC reports, healthcare and cyber-professionals are highly sought in the private sector and often receive salaries that cannot be matched with the federal pay scale.

For example, as noted in the Prisons section of this report, the BOP had a 16 percent vacancy rate for correctional officers as of June 2020, amounting to 3,350 unfilled correctional officer positions. Furthermore, in a 2016 report, the OIG found that the BOP had only staffed 83 percent of the positions providing medical care to inmates. Such staffing issues have been compounded by the ongoing pandemic. For example, a July 2020 OIG inspection revealed that a shortage of medical staff and correctional staff at FCC Lompoc negatively impacted the facility's ability to screen inmates and staff for COVID-19 and implement strategies to mitigate the impact of the pandemic on inmates and staff.

Additionally, in a March 2020 audit, the OIG found that the FBI's Western New York Regional Computer Forensic Laboratory (WNYRCFL), which was created in response to law enforcement's urgent demand for expert digital forensic services, struggled to meet performance goals due to the difficulty in recruiting qualified examiners, which in turn, increases the risk of future forensic examination backlogs. The OIG is conducting an ongoing audit of the FBI's National Security Undercover Operations, which includes an evaluation of the FBI's efforts to recruit and train agents for undercover operations.

Both the President and the Department have recently reinforced the need to promote effective hiring strategies. On June 26, 2020, the President issued Executive Order 13932 which requires agencies to review and revise job classification and qualification standards based on the concern that, "an overreliance on college degrees excludes capable candidates," especially for jobs related to "emerging technologies." This Executive Order further requires agencies to "continually evaluate the effectiveness of different assessment strategies to promote and protect the quality and integrity of their hiring processes." The Department's FY 2021 Performance Plan states, "In an effort to recruit and judiciously hire top talent to carry out the DOJ mission, the Department's Human Resource Administration will work to enhance recruitment and outreach strategies to attract and retain top talent by improving the Departmental backfill rate by 3 percent and reducing the attrition rate by 1 percent." The Department's challenge is to continuously fill vacant and new positions with top-notch employees who can effectively fulfill the DOJ mission.

Work Life Balance. In addition to improving hiring practices, the Department should work within existing laws and regulations to provide competitive compensation packages and work-life opportunities. A 2014 Presidential Memorandum highlighted that to attract and retain a talented and productive workforce, the Federal Government must make progress in enabling employees to balance their responsibilities at work and at home. The Department scored in the lower median of large federal agencies in the work-life balance category for the 2019 FEVS, continuing a downward trend for 3 consecutive years. Recently, OPM established a number of temporary work-life flexibilities to help employees address the changing demands of home and work resulting from COVID-19. The Department adopted OPM's expanded flexibilities in a memo to the heads of Department components and U.S. attorneys. Some workplace flexibilities adopted include an expanded telework program, evacuation pay, and expanded alternative work schedules. Congress also enacted the Federal Employees Paid Parental Leave Act, effective October 1, 2020, to further help employees juggle the demands of work and family life when a new child is added to the family. On August 10, 2020, OPM issued interim regulations providing additional guidance on the implementation of this new law. Although the sensitive and demanding nature of the Department's work can create a challenge in cultivating work-life balance, the Department should further explore work-life flexibilities.

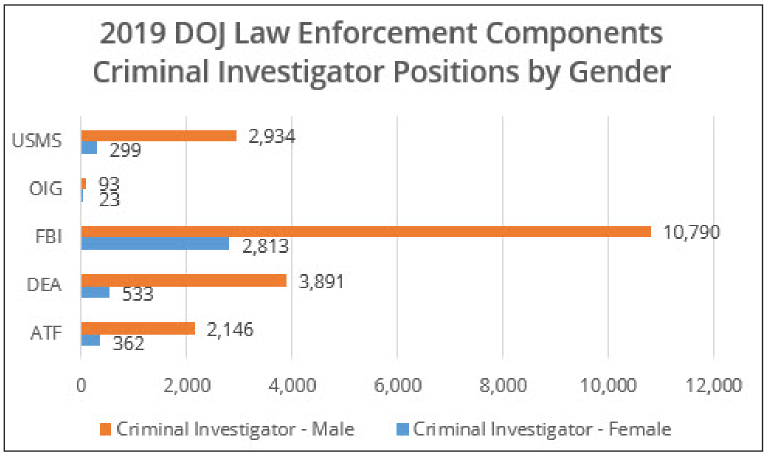


Source: DOJ Employee Factbook

Diversity. Executive Order 13583, "Establishing a Coordinated Government-Wide Initiative to Promote Diversity and Inclusion in the Federal Workforce," provides that "we are at our best when we draw on the talents of all parts of our society, and our greatest accomplishments are achieved when diverse perspectives are brought to bear to overcome our greatest challenges." As a result of Executive Order 13583, OPM established a government-wide strategic plan for agencies to foster diversity in the applicant pool, workforce engagement, and inclusion. However, the Department's 2019 FEVS score for "Support for Diversity" continued a decline that started in 2016. On September 22, 2020, the President issued Executive Order 13950, which stated that "federal agency diversity and inclusion efforts shall, first and foremost, encourage agency employees not to judge each other by their color, race, ethnicity, sex, or any other characteristic protected by Federal law." This order also mandated that agencies review and have OPM approve their Diversity training programs to ensure compliance with specified criteria. As a result, diversity training within the Departments and its components was suspended pending OPM approval.

In June 2018, in a Review of Gender Equity in the Department's Law Enforcement Components, the OIG found that only 16 percent of the Department's Criminal Investigators were women and few held law enforcement executive leadership positions. Moreover, the review found that female criminal investigators frequently reported gender discrimination and both men and women believed that personnel decisions, such as promotions, were based on personal relationships instead of merit. Furthermore, the DOJ Gender Equality Network expressed diversity concerns with respect to the lack of women in executive level management and to worrisome hiring practices that perpetuate gender inequality. Additionally, the DOJ Pride Network indicated that many LGBTQ employees felt unwelcomed at the DOJ.

The OIG is currently conducting a review of gender equity in FBI's training and selection processes at the FBI Academy. In addition, the OIG has received and investigated numerous



Source: DOJ Employee Factbook

allegations over the past several years of inappropriate relationships and favoritism within the Department and its components. These investigations have led to several findings of inappropriate relationships, harassment, and favoritism, which can greatly impact the workforce. As a result of these investigations, we also determined that the components have differing policies governing supervisor-subordinate relationships, which have led to inconsistent disciplinary treatment and, thus, could undermine confidence in the fairness of the Department's disciplinary system. We issued a MAM recommending that the Department determine whether to adopt a consistent policy regarding the handling of supervisor-subordinate relationships across DOJ components.

Office of the Attorney General
Washington, D. C. 20530

MEMORANDUM

FROM: THE ATTORNEY GENERAL WPB

SUBJECT: Office of the Inspector General (OIG) Report – Top Management and Performance Challenges Facing the Department of Justice

The Department of Justice is our Nation's chief law enforcement agency, charged with protecting the American people and with upholding the rule of law. As Attorney General, I am committed to that mission. During my tenure, I have prioritized combatting violent crime, preventing opioid abuse, enforcing immigration laws, and protecting our national security. But I have also made clear to Department leadership that these priorities cannot come at the expense of our overall responsibilities, from enforcing environmental and antitrust laws, to providing critical support to our rural law enforcement partners. We must do our best to cover all the bases, and the Department's workforce has embraced that charge in service to the American people.

This year the Inspector General has identified nine "management and performance challenges" faced by the Department. Many of the challenges the Inspector General has identified correspond directly to issues and concerns that I have prioritized since taking office—such as, "Safeguarding National Security and Countering Domestic and International Terrorism" and "Protecting the Nation and the Department against Cyber-Related Threats." These are indeed among the Department's greatest responsibilities, and we are responding by focusing our investigative and analytical capacity aggressively in these areas.

One challenge cited by the OIG this year is "Use of Sensitive Investigative Authorities by Department Law Enforcement," including proper oversight of the activities of the Department and the Federal Bureau of Investigation (FBI) under the Foreign Intelligence Surveillance Act (FISA) and other national security authorities. Properly authorized and carefully executed national security activities are a particular concern of mine. As the Inspector General notes, this year on August 31, I issued two memoranda with an array of reforms to improve compliance and accountability with respect to such activities, including a directive to create an all-new FBI Office of Internal Auditing (OIA). OIA will, among its broad mandate, carry out regular audits to ensure compliance with applicable statutes, policies, procedures, and court orders governing the FBI's national security activities and to ensure the accuracy and completeness of FISA applications.

A second new challenge reported by the Inspector General this year was the "Department's Contingency Planning and Response to a Global Pandemic." FY2020 cannot close without commenting upon the extraordinary response of the Department's 115,000-plus employees during the COVID-19 pandemic. When protective measures, lockdowns and other restrictions took hold early last March, and when federal employees across the country were ordered into a maximum telework posture, the Department and its law enforcement operations, and particularly our corrections and detention operations at the Bureau of Prisons (BOP) and U.S. Marshals Service (USMS), continued uninterrupted. BOP and USMS worked tirelessly to protect and treat the inmate populations when COVID-19 spread, always with an emphasis on protecting our staff. Across our components, agents, analysts, attorneys and the entire cadre of DOJ employees have worked successfully throughout the pandemic in the office, in the field, and remotely to maintain our critical operations.

A final OIG challenge area deserving comment is "Strengthening Public Confidence in Law Enforcement and Protecting Civil Liberties." I am committed to fairness in policing – all our citizens deserve no less. I am also committed to supporting our State and local law enforcement partners and the brave front line policing work that goes on each day across our country. President Trump issued an Executive Order in June on Safe Policing for Safe Communities, and the Presidential Commission on Law Enforcement and the Administration of Justice worked this past summer to make recommendations on building trust between police and their communities. As noted by the OIG, a federal judge ruled on October 1, 2020, that the Commission did not comply with the requirements of the Federal Advisory Committee Act ("FACA"). The court has since ruled that the Department may nonetheless issue the report as long as it contains a disclaimer noting the Department's noncompliance with FACA. My assessment is that there are valuable insights in the report that may warrant publication of the report consistent with the court's ruling.

Accompanying this memorandum is the Department's full response to the OIG management challenges. In limited instances, Department leadership may disagree with a particular OIG comment or recommendation during the year, but I know both the Department's management and the Inspector General share a deep commitment to the Department's mission and meeting the challenges we face.

MANAGEMENT RESPONSE TO THE FY 2020 OFFICE OF THE INSPECTOR GENERAL'S REPORT ON THE TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF JUSTICE

The Department of Justice is our Nation's chief law enforcement agency, charged with protecting the American people and upholding the rule of law. The Department is committed to effectively carrying out that mission. Following is the Department of Justice leadership response to the *FY 2020 Office of the Inspector General's Report on the Top Management and Performance Challenges Facing the Department of Justice*.

The Office of the Inspector General's Report identified nine management and performance challenges it believes represent the most pressing concerns for the Department:

- Strengthening Public Confidence in Law Enforcement and Protecting Civil Liberties
- Use of Sensitive Investigative Authorities by Department Law Enforcement
- The Department's Contingency Planning and Response to a Global Pandemic
- Maintaining a Safe, Secure, and Humane Prison System
- Safeguarding National Security and Countering Domestic and International Terrorism
- Protecting the Nation and Department Against Cyber-Related Threats and Emerging Technologies
- The Opioid Crisis, Violent Crime, and the Need for Strong Law Enforcement Coordination
- Ensuring Financial Accountability of Department Contracts and Grants
- Strategic Planning: The Department's Challenges to Achieve Performance-Based Management and to Enhance Human Capital

The Department agrees that the nine challenges identified in the OIG's Report on the Top Management and Performance Challenges (TMPC Report) are significant, and the Department will continue to address, mitigate, and overcome each challenge by utilizing all tools available to it. The following sections address numerous specific issues raised by the OIG. The Department notes, however, that it is currently acting on and responding to numerous findings, conclusions, and recommendations set forth in various OIG reports and audits involving different Department components and myriad diverse issues, some of which are referred to in the OIG's TMPC Report. While the Department's ongoing responses to those audits and reports are not all specifically delineated here, the Department can report that it continues to be actively and cooperatively engaged with the OIG on those matters, and that the Department's commitment to further enhancing and improving its productivity and effectiveness on behalf of the American people remains unwavering.

I. Strengthening Public Confidence in Law Enforcement and Protecting Civil Liberties

The OIG states and the Department agrees that, "community trust and cooperation are essential to effective policing" and that "[t]he Department's efficacy as guardian of the rule of law depends on public confidence that justice is being administered fairly and impartially."

The Department Plays a Critical Role in Ensuring Public Confidence in Law Enforcement

The Department remains committed to taking all reasonable steps to enhance the public's confidence in law enforcement. The Attorney General has clearly and unequivocally stated that, "Our constitution mandates equal protection of the laws, and nothing less is acceptable. As the nation's leading federal law-enforcement agency, the Department of Justice will do its part." The Department will continue to use all tools available to it to strengthen the public's confidence in law enforcement while simultaneously protecting individual citizens' civil liberties.

Criminal and Civil Enforcement Targeting Civil Rights Violations by Police. In June 2020, the Civil Rights Division (CRT) launched a Civil Rights Reporting Portal, which makes it easier for the public to report possible civil rights violations, including allegations of misconduct on the part of law enforcement officers. CRT will continue to explore ways to make it easier for the public to report possible civil rights violations, and will continue to act on all such matters as they arise in ways that will assure the public that their concerns are being heard, analyzed, and appropriately addressed.

Leading by Example through the Department's Law Enforcement Components. The Department recognizes that it must continue to take the requisite steps to ensure that, in exercising its law enforcement authorities, its components adhere to policies designed to protect individuals' privacy. The Department's deep commitment to protecting and defending civil rights and liberties is demonstrated, among other actions taken by the Department, by the fact that defending the First Amendment right to free speech is included in *The Department's FY 2018-FY 2022 Strategic Plan* as one of the Department's top strategic objectives.

The Department also works to improve the public's relationship with law enforcement through the work of the Community Relations Service (CRS), which supports law enforcement efforts to improve police-community relations in myriad ways, including through its *Strengthening Police and Community Partnerships* (SPCP) facilitated dialogue program. The SPCP program brings together local law enforcement and community stakeholders to identify potential solutions to issues that have impacted public trust in the local police department. A council comprised of law enforcement and community representatives then works to implement identified solutions. Through these and other similar innovative programs, the Department continues to strengthen and improve its crucially important relationships with its community and law enforcement partners through collaboration and dialogue.

The Office of Community Oriented Policing Services (COPS Office) continues to provide avenues for strengthening public confidence in law enforcement and building community trust. In Fiscal Year 2020, the COPS Office awarded more than $536.7 million to increase law enforcement hiring, improve school safety, combat opioids and methamphetamine, provide training to law enforcement officers, protect the health of our nation's officers and deputies, and substantially advance community policing efforts. In addition, the COPS Office continues to provide training and technical assistance to state and local law enforcement agencies through the Collaborative Reform Initiative Technical Assistance Center (CRI-TAC) program to help law enforcement agencies address issues that may impact public trust. Various adjustments made by the Department in 2017 are intended to expand CRI-TAC's scope to embrace a "by the field for the field" approach to further meet the unique needs of state and local law enforcement agencies to address a broader range of public safety concerns, including violent crime. These efforts are intended to go hand-in-hand with programs designed to strengthen public confidence in law enforcement, while recognizing that law enforcement agencies across the nation may face different challenges that undermine public confidence and erode the perception of safety within communities. The COPS Office will continue in its efforts to build trust and mutual respect between law enforcement and the communities they serve.

Improving Transparency and Accountability in Law Enforcement

Body-worn Cameras (BWCs) and Law Enforcement Identification. The Department agrees with the OIG that the use of body-worn cameras can improve transparency and accountability and, thereby, help to build trust between law enforcement and the communities they serve. The OIG is currently auditing the Department's policy and practices on BWC use among its law enforcement components and federally deputized task force participants. The Department looks forward to reviewing the findings and recommendations following the OIG's audit, and adapting as necessary and practicable to ensure that BWCs are used effectively.

Statutorily Independent Oversight of Department Lawyers. The Department has always and will continue to support and encourage independent and robust oversight as a means to foster accountability and public trust.

Robust Whistleblower Protections. The Department believes that whistleblowers perform an essential public service in ensuring accountability in government, and that protections from retaliation must be meaningful and robust. The Department continues to take steps to ensure that employees do not suffer reprisal for making protected disclosures or reporting alleged ethics violations, and will continue to cooperate with the OIG when issues are raised in this regard. For example, the United States Marshal Service (USMS) concurred with all of the OIG's recommendations set forth in a recent OIG report, and took the requisite steps to ensure that its current contracts include the appropriate clauses specific to whistleblower protections, that current vendors have shared the information with their employees and subcontractors, and that vendors' internal policies conform with these rights and protections.

The Department will continue to take all steps necessary to ensure that whistleblowers feel free to come forward with allegations of possible wrongdoing without fear of retaliation or reprisal.

II. Use of Sensitive Investigative Authorities by Department Law Enforcement

The Department is committed to ensuring that appropriate controls are in place and employed when sensitive investigative techniques are used, including electronic surveillance, confidential sources, and undercover activities, so that critical investigations can be effectively conducted while the substantial risks to the Department that may arise from using these techniques are simultaneously acknowledged and mitigated.

The Department's Strategic Management and Oversight of Confidential Sources

Law enforcement components utilize Confidential Sources (CSs) in criminal and national security investigations to identify investigative targets or infiltrate organizations representing a threat to the safety and security of our communities. The Department will continue in its ongoing efforts to ensure that appropriate protocols are in place for utilizing CSs. As an example of this commitment, the DEA has worked diligently to address recent OIG recommendations, and has thereby greatly improved its management and oversight of its confidential source program. As part of its significant efforts, the DEA developed a comprehensive confidential source policy that provides clear guidance regarding the types of confidential sources that can be used. The DEA also implemented controls to ensure the complete and appropriate handling of documentation and to track interactions and information received from confidential sources. It also implemented oversight controls relating to confidential source payments. These improvements led to clearer guidance to employees on how to properly administer the program and clearer, more transparent oversight on the part of field and Headquarters management.

Oversight of the Use of the Foreign Intelligence Surveillance Act

The Department is deeply committed to ensuring that Foreign Intelligence Surveillance Act (FISA) processes are understood and followed. On August 31, 2020, to address various issues related to FISA, the Attorney General issued two memoranda that authorized the establishment of an FBI Office of Internal Auditing (OIA), ordered the development of compliance and oversight mechanisms and other internal controls, and created additional protocols designed to ensure the accuracy and completeness of FISA applications. As noted in the Attorney General's memorandum establishing the OIA, the Inspector General agreed to assess the FBI's compliance with the memorandum within 18 months after the establishment of the OIA, to conduct a subsequent assessment within 5 years after the initial assessment, and to review the FBI Office of General Counsel's role in overseeing compliance with applicable laws, policies, and procedures relating to the FBI's national security activities.

The Department will continue to address concerns the OIG has identified about the accuracy of the Department's submissions to the Foreign Intelligence Surveillance Court, and the FBI's compliance with FISA policies and procedures, to ensure that FISA surveillance authority, particularly against U.S. persons, is used in a responsible manner.

The Department's Risk Assessment Practices within Component Undercover Operations

The Department has put in place and will continue to develop, as necessary, a strong internal control framework in order to ensure that all undercover operations are properly carried out.

In its recent audit of the DEA's Income-Generating, Undercover Operations, known as Attorney General Exempted Operations (AGEOs), the OIG reported issues indicating the need for improved oversight and management. In response to the report, the DEA took numerous steps to effectively address and resolve the concerns identified. Significantly, in April 2020, the DEA published a new AGEO policy that reflects the DEA's work to improve the management and documentation of the entire AGEO process, including changes in investigative scope, reauthorization, investigative and legal outcomes, and reporting requirements to the Department and Congress. In a September 2020, memorandum to the OIG, the DEA described the specific actions it has taken to address the 15 recommendations directed to the DEA, and succeeded in closing 13 of those recommendations. The DEA continues to address the final two recommendations and anticipates presenting them to OIG for closure in the near future.

The DEA has also addressed issues identified in a 2019 OIG report related to other sensitive investigative techniques, such as bulk data collection, facial recognition technology, the use of National Security Letters, and the use of foreign law enforcement to aid in operations. On August 27, 2019, the DEA provided the OIG with a memorandum detailing its extensive efforts to address the OIG's 16 recommendations. As of March 31, 2020, those recommendations were on hold or pending with the OIG.

In the TMPC Report, the OIG noted that, "[t]he Department's responses to OIG reviews have improved its oversight of its use of sensitive authorities. In addition, corrective action taken by the FBI as a result of the OIG's reports regarding the FBI's use of National Security Letters and USA PATRIOT Act section 215 authorities has substantially enhanced oversight of the use of these investigative tools and reduced the risk of their misuse." As it seeks to disrupt national security and criminal threats, the Department will continue to simultaneously take the steps necessary to ensure that the strategic management, risk mitigation, and internal controls relating to its activities and operations are used effectively and consistently.

III. The Department's Contingency Planning and Response to a Global Pandemic

While responding to the global COVID-19 pandemic, the Department must not only protect its own workforce, but it must also continue to effectively perform its enforcement and national security responsibilities. Every component in the Department has worked tirelessly to address the numerous complex challenges presented by the global pandemic. Each has developed pragmatic and creative solutions to serious and potentially dangerous problems, and they have at all times kept as their top priority the safety and well-being of their employees, the public, and incarcerated persons. Some of the steps the Department is taking are outlined below.

Department Workforce Challenges

Throughout the Department, components are rapidly responding and adjusting to the unique and significant challenges presented to their operations by the pandemic. For example, since early March 2020, when President Trump declared a State of Emergency in response to the outbreak of COVID-19, the USMS began adapting its enforcement operations to deal with a myriad of complex issues. The ongoing pandemic initially impacted the USMS's investigative operations due to the limited supply of Personnel Protective Equipment (PPE), a critical need to help maintain the safety of employees conducting investigative work, as well as the people with whom they interact. This occurred while the USMS and others were dealing with the civil unrest that occurred in multiple cities across the United States following the death of George Floyd, which required the USMS to redirect its resources to keep and restore civil order.

In the early months of the pandemic, the USMS made a conscious decision to focus on prioritizing investigations for the most egregious violent crimes, including homicide, sexual assaults, assaults committed with a firearm, armed robbery, and armed carjacking to ensure that the limited available personnel resources had the broadest impact. Many partnering state and local law enforcement agencies, however, had to change the availability and duty status of their full-time Task Force Officers (TFOs). They reported that some were called back to their parent agencies, or had been returned to full uniform status to facilitate rapid redeployment. Another challenge was that many state and county correctional facilities adopted screening practices for all new intakes, and some began to screen the transporting officers for symptoms that could indicate exposure to COVID-19. In cases where a new intake displayed such symptoms, some facilities refused entry until the arrestee had tested negative for the presence of the virus. As it often took several days for test results to be returned, this situation presented an extreme logistical problem concerning where the subject could be held in the interim. The USMS has successfully overcome these significant logistical challenges and continues to investigate and apprehend the nation's most dangerous state, local, and federal fugitives. Simultaneously, it continues to deal with the challenges of protecting the health and safety of its employees through proper social distancing practices, enforcing the use of face coverings and other PPE, and supporting enhanced cleaning requirements in the workplace.

To ensure that the Department can continue to effectively keep in touch with its entire workforce, and to make it possible for an unprecedented number of employees to telework, the Department has taken extraordinary steps to expeditiously enhance network connectivity and capability. The Department's OCIO has led a massive increase and adaptation of IT services at an unprecedented scale and speed. Early preparation included expanding the Department's telecommunications bandwidth by 100% to support the anticipated surge from all 40-plus Department components. It also operationalized a new gateway for remote access telework (adding DOJConnect "Central" to DOJConnect "East" and "West") to carry up to 75% additional users. The total number of remote connections rapidly climbed to almost 22,000, an increase of over 600%; this was significantly more than a previous peak of approximately 3,500 that occurred a year earlier during inclement weather. Online meeting instances on the Department's corporate collaboration platform jumped to 1,300+ conferences supporting over 5,000 participants per day, a significant increase from 200 conferences supporting 760 participants before the surge. The Department's IT was able to support maximum telework immediately upon the order being issued by the Deputy Attorney General, and the infrastructure was able to stabilize within eight days of order issuance.

The Department is continuing to address all internal and external technological challenges, including IT connectivity with the employees' Internet service carriers and home network setups, the need to modernize in order to guarantee optimal performance capability, the need to address the lack of mobile classified computing capabilities to ensure the Department's national security work is not hampered, and the need to adopt standardized corporate solutions, in order to improve the day-to-day mission capabilities of the Department and better position it to perform effectively during a crisis.

Protecting the Health and Safety of BOP and USMS Staff, Inmates, and Detainees While Maintaining Operations

Protecting the safety and welfare of BOP and USMS inmates, staff, and the communities in which they serve and operate is one of the most significant challenges the Department faces. From the outset of the COVID-19 pandemic, the BOP and USMS have taken numerous proactive measures to contain the spread of COVID-19 amongst prisoners in their custody. The BOP, for example, shares its internal COVID-19 response plans with private providers for consideration when updating their own internal plans, while encouraging the contractors to review the CDC website daily and follow all CDC requirements. In addition, the BOP continues to release inmates when possible to home confinement, but only after weighing in each instance whether release to home confinement to communities that also are experiencing widespread infections is more or less safe for the inmates.

The USMS employs U.S. Public Health Service (PHS) medical officers to oversee its prisoner medical program. In addition to existing policies addressing the management and handling of prisoners with an infectious airborne disease, new detailed guidance was developed by the PHS medical officers, including infectious disease experts, for the screening and handling of prisoners and detainees with COVID-19. All guidance documents issued by the USMS reflect guidance and recommendations from the Centers for Disease Control (CDC), and are routinely updated. This guidance is communicated to USMS personnel via a USMS Intranet site dedicated to COVID-19. Additionally, PHS staff have been working closely with medical personnel at the detention facilities to mitigate the spread of COVID-19 in the detained population.

USMS policies address the handling and transportation of infected prisoners. All prisoners are screened routinely for COVID-19 in accordance with CDC guidelines; infected prisoners are not transported with other prisoners; and prisoners with flu-like symptoms cannot appear in court. If the court nevertheless mandates a production, USMS personnel take respiratory precautions and utilize personal protective equipment prior to transport. Surgical face masks are placed on infected prisoners being transported and prisoners are isolated in a single cell upon arrival at the courthouse. When possible, the USMS has supported the use of video teleconferencing (VTC) and teleconferencing (TC) to conduct court appearances and attorney visits in order to limit prisoner movement and exposure potential.

In April 2020, the USMS administered a questionnaire to all of the state and local detention facilities that housed USMS prisoners to assess the extent to which the facilities have implemented practices consistent with the CDC Interim Guidance on Management of Coronavirus Disease 2019 (COVID-19) in Correctional and Detention Facilities. To date, 92% of state or local facilities housing USMS prisoners have completed the questionnaire; 96% of the USMS detention population housed in state or local facilities are housed in a facility that completed the questionnaire. Additionally, as part of the facility review conducted annually by USMS personnel, the questionnaire was re-administered as part of that review. Based on the responses to the questionnaire, most of the state and local facilities where the USMS houses prisoners are operating in general compliance with the CDC guidelines.

The Department will continue to explore and implement additional best practices to continue to prevent, manage, and contain potential COVID-19 outbreaks in its detention settings.

Oversight and Administration of CARES Act Funding

The OIG initiated an audit on April 23, 2020 to review the CARES Act funding provided through the FY 2020 Bureau of Justice Assistance (BJA) Coronavirus Emergency Supplemental Funding (CESF) Program Solicitation. On July 9, 2020, the OIG issued its Interim Report finding that OJP's administration efforts over CARES Act funding appeared effective and appropriate, and that OJP has distributed CESF funding quickly and in accordance with CARES Act requirements. In addition to OJP's efforts, the BJA recently updated its website with useful information on resources to mitigate the risk of fraud, waste, and abuse of CARES ACT funding, and continues to monitor all CESF awards and provide ongoing technical assistance.

The Department will continue to take the steps necessary to ensure that CARES Act funding is appropriately managed, to ensure transparency to the public, and to ensure that OJP can review and respond to areas of potential risk in a timely manner.

Combatting COVID-19-Related Fraud, Scams, and Violations of Federal Antitrust Laws through Effective Enforcement

The CARES Act and other pandemic related funding has resulted in the spending of over $2.6 trillion. In order to combat COVID-19-related fraud, violations of antitrust laws, and other violations, the Department's law enforcement components will work to identify and prosecute anyone attempting to exploit COVID-19 pandemic funding through fraud and other schemes that harm the public. The Department is coordinating the efforts of its law enforcement components with the Pandemic Response Accountability Committee and Inspectors General communities related to stimulus funds fraud. The Department's Procurement Collusion Strike Force—a partnership with federal, state, and local government agencies the Antitrust Division established in November 2019 to target violations of criminal antitrust laws in the competitive bidding process—has also worked to identify collusion and other COVID-19-related criminal schemes that impact public procurement. In addition, in March 2020, the Attorney General directed the creation of a COVID-19 Hoarding and Price Gouging Task Force to "aggressively pursue bad actors who amass critical supplies either far beyond what they could use or for the purpose of profiteering."

Mitigating Health Risks While Ensuring the Rights of Individuals Subject to Immigration Court Proceedings

The Department remains committed to minimizing the health risks to all persons involved in immigration proceedings while at the same time ensuring the rights of individuals subject to those proceedings. The Department will continue to adapt its operating procedures as needed to protect the health and safety of all persons involved in immigration proceedings.

IV. Maintaining a Safe, Secure, and Humane Prison System

As discussed above, the Department is committed to maintaining a safe, secure, and humane prison system. Among other things, the Department will use, to the extent possible, the tools provided by The First Step Act (FSA) of 2018, and the CARES Act of 2020, to address some of the additional challenges presented as a result of the pandemic.

Budget, Inmate Population Management, and Staffing Priorities. On March 26, 2020, and April 3, 2020, the Attorney General issued two memoranda to the BOP regarding, among other things, prioritizing the use of statutory authorities to grant home confinement for inmates seeking transfer in connection with the pandemic. In response to these memoranda, the BOP determined that it would prioritize home confinement for inmates who, in addition to meeting other basic suitability factors, either: (1) had served 50 percent or more of their sentences; or (2) had 18 months or less remaining on their sentences, and had served 25 percent or more of their sentences.

As of October 14, 2020, the BOP reported that it had transferred 7,784 inmates to home confinement. The BOP will continue to release inmates to home confinement when it can do so in a safe manner; however, it must address the reality that as communities across the nation continue to experience widespread infections, many inmates will remain in custody if severe community outbreaks of COVID-19 would increase their risk of exposure if they were released.

Staffing. While maintaining adequate staffing levels at some BOP institutions can be challenging, particularly in institutions located in remote locations or in areas where the prevailing wage is higher than the federal pay scale, the BOP is committed to the goal of achieving 100% staffing levels at its facilities nationwide. To that end, the BOP has put in place recruitment and retention incentives at hard-to-fill locations, and has instituted a nationwide incentive to retain retirement-eligible staff. The BOP has enacted specialty incentives for certain hard-to-recruit positions, such as physicians, nurses, dentists, and psychologists. These incentives include student loan repayment and specialty pay rate incentives. In addition, in January 2020, in an effort to improve healthcare recruiting and retention, the Department and OPM formally granted the BOP authority to pay physicians and dentists using the laws governing medical professional compensation in the U.S. Department of Veterans Affairs (the Title 38 Pay Plan). This allows the BOP to offer higher wages and will assist BOP in addressing its healthcare staffing issues.

Physical Safety and Security. The Department and the BOP are committed to devoting the necessary resources to provide incarcerated offenders in safe, secure, and humane facilities. The following sections address specific issues raised in the OIG report.

Contraband. Contraband is a problem that requires the BOP to continually find new ways to prevent the introduction of contraband into prisons, whether by staff or inmates. Any contraband within the prison system can create a safety risk to BOP staff, inmates, visitors, and the public. Among other things, the BOP has taken numerous steps to improve its search policy and upgrade its security camera system to mitigate contraband introductions and other related security risks.

Drone Threat. The Department and the BOP continue to work closely with the Federal Aviation Administration (FAA) to protect BOP institutions from threats posed by drones. 109 of 122 BOP correctional facilities have received restricted Unmanned Aircraft System Airspace (UAS) protection per FAA regulation 99.7. The Department has developed a policy for DOJ law enforcement components to deploy Countering Unmanned Aerial Systems (CUAS). A draft BOP policy is being prepared. The Department has also developed UAS use policy for DOJ law enforcement components to deploy drones for operational purposes, and the draft BOP policy is being finalized. When the BOP policy is finalized, the BOP will begin to deploy CUAS and UAS capabilities in a safe and effective manner in coordination with the FAA at all BOP High Security Institutions as the first priority. CUAS testing and evaluation for detection and mitigation was accomplished in September 2020, with FAA/NTIA approval for Department-owned CUAS equipment. Major CUAS testing of the "best in class" detection and mitigation systems was completed in October 2020, at USP Terre Haute. The BOP will finalize its component CUAS policy and its component UAS operational use policy, along with FAA coordination documents. The BOP will then begin fielding CUAS detection and mitigation capability and UAS operational capability in FY 2021. The Department will continue to coordinate with other federal agencies to keep pace with rapidly evolving drone technology.

Promoting Accountability and Integrity. The Department remains committed to promoting a culture of professionalism and integrity throughout the prison system, and will continue to implement and promote best practices to ensure that a culture of professionalism is maintained.

Inmate Healthcare and Welfare. The Department recognizes that it must improve its policies and contract management practices related to healthcare, including reporting certain drug purchases to the BOP's Central Office, and storing and analyzing historical purchase-level data. It must also ensure that its institutions are procuring pharmaceutical drugs in cost-efficient ways. The Department is committed to exploring additional ways to ensure that the BOP addresses the needs of inmates, while at the same time providing proper administrative oversight in managing its contracts for comprehensive medical services, mental health services, and other services.

Infrastructure Issues. Deteriorating structures can cause direct and indirect security problems due to an increased risk of escape, inability to lock down cells, and potential violence due to frustration over inadequate living conditions. In addition, infrastructure problems can make it difficult for the BOP to follow COVID-19 safety guidelines. In FY 2019, BOP spent more than $100 million on construction and repair of its buildings and facilities, and BOP's FY 2020 budget request in its Buildings and Facilities appropriation requests funds exclusively for the modernization and repair of existing BOP facilities.

One specific problem noted by the OIG involving heating and cooling problems at the Metropolitan

Detention Center Brooklyn has been largely resolved. The BOP initiated a utility energy saving contract to resolve the situation; in fact, the project was near completion during the time of the OIG's on-site assessment. Since that time, all Energy Conservation Measures have been completed and BOP is now completing a modification prior to final project closure.

Recidivism. It is critical that the Department understand the changing factors that can impact recidivism rates, and continue to develop programs designed to reduce recidivism risks. As noted in its response to the OIG's 2019 TMPC Report, in 2019, the Attorney General established a risk and needs assessment system required under the First Step Act (FSA). In July 2019, the BOP created a risk and needs assessment tool called the Prisoner Assessment Tool Targeting Estimated Risk and Need (PATTERN) to predict the likelihood of general and violent recidivism for all BOP inmates. The Department will continue to monitor the use of PATTERN, and consider making future improvements and adjustments to the tool, as needed.

V. Safeguarding National Security and Countering Domestic and International Terrorism

Enhancing national security and countering terrorism threats remain top priorities for the Department. One of the most efficient and effective means of fighting terrorism is to communicate, coordinate, and cooperate with its partners, including foreign partners and multilateral organizations, to promote national security.

Disrupting and Defeating Terrorist Operations

The Department's top priority is combating terrorism, whether via deterrence, disruption, or prosecution. The Department will continue to aggressively use all available intelligence and law enforcement resources to enforce the rule of law, provide justice to terrorism victims, and disrupt and hold accountable those responsible for plots and acts of terrorism worldwide.

In a March 2020, report, the OIG found that the BOP had not identified all domestic and foreign terrorist inmates in its custody and thus did not adequately monitor inmates' communications. In addition, the OIG found that the BOP did not take appropriate steps to ensure that information about all formerly incarcerated terrorists was provided to the FBI. The OIG made 19 recommendations to improve the BOP's accounting for, monitoring of, and security over terrorist inmates. The BOP will carefully review the OIG's recommendations and take any and all appropriate action, as practicable and necessary. The BOP takes very seriously its part in protecting national security interests, and currently has a structure in place to effectively identify, manage, and monitor terrorist offenders in its custody. The BOP notes, however, that as the population continues to grow significantly, increased staffing would allow the BOP to increase its efforts in monitoring terrorist offenders and addressing in an even more aggressive manner the OIG's concerns.

The Department also will continue to support foreign governments' efforts to investigate and prosecute terrorists who threaten U.S. national security by engaging and sharing information with foreign law enforcement, and by building the capacity of foreign governments to investigate and prosecute terrorism cases.

Counterintelligence and Counterespionage

The Department will continue to confront foreign intelligence entities seeking to steal our nation's state and military secrets by identifying, investigating, and prosecuting foreign adversaries and their affiliates who threaten our national security, and by providing businesses and educational institutions with the information they need to protect their own most valuable assets.

Threats to U.S. Election Security

One of the Department's most significant challenges is detecting and disrupting evolving threats to our nation's election security, in order to preserve the integrity of our elections and the will of the American people. The Department is using every tool at its disposal, and is working with its local, national, and international law enforcement and Intelligence Community partners, to address this very real and significant threat.

Combatting Insider Threats and Unauthorized Disclosures

As stated in the Department's Fiscal Year 2018-2022 Strategic Plan, the Department must continue to protect itself against insider threats and potential leaks of sensitive information. The Department must not only maintain a high level of vigilance to mitigate the insider threat risk; it must also examine its controls over employee and contractor access to sensitive information, limit such access to those required to have it, and ensure that it continuously monitors and updates the list of persons with authorized access. In addition, the Department will continue to promote and cultivate an internal culture that values the security of sensitive information.

VI. Protecting the Nation and Department Against Cyber-Related Threats and Emerging Technologies

Cyber-related threats have the potential to adversely impact our country's national security and domestic economy. As both a law enforcement agency and a member of the Intelligence Community, the Department plays an integral role in protecting the nation against these threats. In addition, as a repository of classified national security information, law enforcement sensitive information, and other sensitive but unclassified information, the Department must ensure that its own information systems are secure in the face of cyber-related threats.

Responding to Known, Evolving, and Novel Threats

The use of cyber technologies by adversaries of the United States to advance their political, military, and economic interests is a significant challenge for the Department.

Three-dimensional (3-D) printing of firearms represents an emerging technology trend with implications for public safety. The OIG is auditing the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF's) oversight of 3-D firearm printing technology. Its preliminary objective is to evaluate the effectiveness of ATF policies and procedures regarding the regulation and oversight of 3-D firearms technology and trafficking. The Department looks forward to reviewing the OIG's findings, conclusions, and recommendations as the Department continues to explore ways to effectively address the challenges presented by this emerging technology.

Challenges Investigating and Prosecuting Cyber-related Crime

Encryption and Lawful Access. Device encryption that can prevent law enforcement from searching for or accessing evidence on devices that have been lawfully seized can interfere with the Department's ability to effectively investigate cases; for example, by interfering with the ability to conduct wiretaps of individuals who are suspected of planning or engaging in criminal activity. To overcome these challenges, the Department is continuing to engage with technical experts and to explore and utilize various options for accessing encrypted data and devices, such as by lawfully exploiting software vulnerabilities.

The Dark Web. The "dark web" is a part of the Internet that cannot be accessed through standard web browsers and allows individuals to hide their identity and location. The investigation and prosecution of criminal activity conducted on the dark web continues to be a significant challenge for the Department, and several of the Department's law enforcement components, as well as their law enforcement partners outside the Department, are exploring innovative and effective ways to address this significant and challenging problem.

Strengthening the Department's Capabilities and Defenses

The OIG assesses the effectiveness of the Department's information security program and practices, as required by the Federal Information Security Modernization Act (FISMA). Each evaluation must: (1) test the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems; (2) assess (based on the results of the testing) compliance with FISMA; and (3) include separate representations, as appropriate, regarding information security related to national security systems.

For FY 2019, in addition to assessing the information security programs of several of the Department's components, the OIG assessed the following component-specific systems: the FBI's Enterprise Application Service Program, Land Mobile Radio Network, and Legacy Pocatello Data Center; the International Criminal Police Organization (INTERPOL) Washington, U.S. National Central Bureau's OA/Envoy System; the Justice Management Division's (JMD) Personnel Accountability and Assessment System; OJP's Denial of Federal Benefits and Defense Procurement Fraud Debarment Clearinghouse System (DFB/DPFD); the Tax Division's Office Automation System; and the BOP's Sentry System. The OIG found deficiencies in the IT security of each component whose information system it assessed, and made recommendations for improving each component's information security program. The OIG also identified at least one weakness in each of the following: the FBI's Legacy Pocatello Data Center, the BOP's Sentry System, and OJP's DFB/DPFD System.

During criminal and administrative investigations, the OIG identified what it believed to be systemic concerns with the BOP's compliance with certain cyber security policies. Based on these concerns, the OIG issued a MAM to the BOP regarding the practice of allowing BOP personnel to have "personal containers" on their government-issued phones without properly training its personnel on appropriate uses of the containers. The BOP provided a comprehensive response to the OIG on this issue, and explained that there is no "unsecured container" on Samsung Knox-enabled mobile phones; there is the Knox secure container and the rest of the phone. It was subsequently confirmed that the BOP was in compliance with relevant policies. The BOP has now developed Mobile Device Rules of Behavior (ROB) which provide mobile users with specific acknowledgement of its contents, including a clear description of authorized and prohibited activities consistent with Department and BOP IT policies; the rules have been issued to all mobile users.

The Department continues to work to resolve the issues identified by the OIG in order to preserve information security and protect the Department's information from cyber-related threats. In addition, the Department will continue to take the requisite steps to ensure better adherence to computer rules of behavior to enhance the security of information processed on Department systems.

VII. The Opioid Crisis, Violent Crime, and the Need for Strong Law Enforcement Coordination

Combatting the Opioid Crisis

Addressing the opioid crisis continues to be a top priority for the Department. In recognition of that, the Department's FY 2018-2022 Strategic Plan acknowledged the significance of this issue by devoting a strategic objective to it. *See* Strategic Objective 3.2: *Disrupt and Dismantle Drug Trafficking Organizations to Curb Opioid and Other Illicit Drug Use in Our Nation*. To add further emphasis to this national problem, the Department identified Combatting the Opioid Crisis as one of only four Agency Priority Goals (APGs) for FYs 2020-2021. The APG process provides a structure through which the Department can specifically identify and focus on achieving results that leadership wants to accomplish, within an approximate 24-month timeframe, and then advance progress toward achieving the longer-term, outcome-focused, strategic goals and objectives that have been identified and set forth in the Department's Strategic Plan.

To meet this critical objective, the Department currently participates in 15 health care fraud strike forces in 24 districts. In October 2018, the Department's Criminal Division announced the formation of the Appalachian Regional Prescription Opioid Strike Force (ARPO Strike Force). The mission of the ARPO Strike Force is to identify and investigate health care fraud schemes in the Appalachian region and surrounding areas, and to effectively and efficiently prosecute medical professionals and others involved in the illegal prescription and distribution of opioids. Since 2019, the ARPO Strike Force has charged 91 defendants, including 69 licensed medical professionals, and has received 33 guilty pleas, and obtained 2 trial convictions.

In September 2020, the OIG issued a report concerning the DEA's community-based efforts to combat the opioid crisis. Since 2016, the DEA has deployed in 20 "pilot cities" its "360 Strategy," which brings together U.S. Attorneys' Offices, state and local law enforcement, educators, prevention and treatment providers, and other entities to reduce the impact of opioid misuse and addiction. Taking these actions to enhance coordination with their state and local counterparts, as well as health care professionals, was an important step forward by the DEA. The OIG report indicated, however, that further work needs to be done by the DEA in these oversight efforts, including creating an outcome-oriented performance measurement strategy to assess the effectiveness of its 360 Strategy, enhancing its pilot city selection process by supplementing its use of CDC data with broader information, enhancing its efforts to both increase awareness of treatment options and correct misconceptions related to its position on medication-assisted treatment.

In September 2020, the OIG also released a report on the DEA's National Drug "Take Back" Initiative (NTBI). As noted by the OIG, since 2010, the DEA has held the NTBI to provide easy, anonymous opportunities to remove medicines in the home that are highly susceptible to misuse, abuse, and theft. Since 2010, the NTBI has successfully facilitated the collection and destruction of over 12 million pounds of unwanted and potentially dangerous pharmaceuticals. As part of these efforts, the OIG recommended that the DEA perform regular analysis of Take Back Day activities, in conjunction with available data from within the DEA or external sources, to identify ways to expand Take Back Day participation by state and local counterparts, minimize coverage gaps, and better inform the public of all prescription drug disposal options.

The DEA has taken numerous steps to address the recommendations contained in the OIG's reports. On September 17, 2020, the DEA provided responses to all of OIG's recommendations and requested closure of two of them. Consistent with the OIG's recommendations, the DEA has stated that it will use various external data sources (i.e. CDC overdose death data and NFLIS data) as well as internal data sources (i.e. ARCOS and Drug Theft and Loss reporting data) to identify prescription drug trends across the U.S. In addition, the DEA will provide mapping of Take Back sites in each state to the field offices, to help determine where Take Back Day collection sites should be expanded and to minimize coverage gaps. The DEA will implement these and other changes in its continued efforts to obtain positive results in combatting the opioid crisis.

Narcotics traffickers working online are exacerbating the opioid crisis. To stop the supply and distribution of opioids, the Department is focusing on targeting "web-based drug trafficking" of synthetic opioids. Specifically, the FBI's coordinated Joint Criminal Opioid Darknet Enforcement Team (J-Code), targets opioid trafficking on the Dark Web or darknet, and continues to strengthen the working relationship with its federal, state, local, and international law enforcement partners.

The Department continues to leverage the collective talent and expertise of its law enforcement components to target, investigate, and prosecute domestic and international drug traffickers and their organizations. Through the formations of prosecutor-led, multi-agency task forces, the Department continues to mount comprehensive multi-level attacks on drug trafficking and money laundering organizations that pose the greatest threat to the nation. In tandem with enforcing drug trafficking laws, the Department focuses on investigating and prosecuting opioid-related health care fraud to reduce opioid addiction and deaths, and engages with the community to raise awareness and reduce demand for opioids and illicit drugs. The Department recognizes that its greatest tool in accomplishing these goals is its relationships with federal, state, local, and international law enforcement partners.

Law Enforcement Coordination and Information Sharing

The Department recognizes that effective and continual information sharing among federal agencies is of crucial importance. Since the 1970s, OJP's Regional Information Sharing Systems (RISS) Grant Program has fully funded six regional networks that connect more than 9,200 local, state, federal, and tribal law enforcement and public safety agencies. In September 2019 and August 2020 reports, however, the OIG identified grant funds being used for unallowable purchases. In November 2019, the OIG issued a MAM recommending that OJP consider requiring RISS Centers to stop funding the RISS Directors Association (RDA) because the RDA used those funds for gifts and payments to an organization that provides lobbying services. In response to the OIG MAM, BJA completed an examination of open awards under the RISS Grant Program, and those expired awards that were within the three-year record retention period. As a result of its review, BJA found that the grant funds from six RISS Centers to the RDA were expended on certain unallowable items; and that RDA did not properly track the funds by award number, as required. Going forward, BJA will take the requisite steps to ensure that budget narratives for new awards to the RISS Centers provide details on any dues or membership fees to be paid for with grant funds, prior to budget clearance and access to grant funds. BJA also developed an award condition for the RISS Centers, and RISS training and technical assistance grant recipients, prohibiting the use of federal grant funds for the RDA, effective with Fiscal Year 2020 awards. BJA's quick actions will help ensure that funds designated toward accomplishing the goal of improving information sharing amongst law enforcement agencies will be used for that legitimate purpose, and will not be used for unallowable purchases.

Violent Crime

Ensuring the safety of the nation's communities by reducing violent crime continues to be a critical challenge for the Department. The Department identified the reduction of violent crime as a goal in its Fiscal Year 2018-2022 Strategic Plan. The Department's strategies for accomplishing this goal include activities intended to: (1) support, train, and work in partnership with state, local, and tribal partners to make communities safer; (2) dismantle violent transnational criminal organizations and gangs; (3) protect victims of crime from exploitation and revictimization; and (4) identify, arrest, and prosecute violent criminals for gun violence and other violent crimes.

In FY 2020, the Department launched Operation Relentless Pursuit, an initiative aimed at combatting violent crime, through a surge of federal resources directed toward seven cities experiencing increasing levels of violence. In July 2020, the Department initiated Operation Legend, which also sought to involve state and local law enforcement officials in this effort. Since the latter operation's launch, through August 31, 2020, more than 2,000 arrests have been made, including 147 arrests for homicide.

The vigorous investigation and prosecution of violent criminals are critical tools that incapacitate offenders and help to deter crime. The Department effectively combats violent crime, promotes safe communities, and upholds the rights of victims by disrupting and dismantling violent transnational criminal organizations and gangs, such as MS-13; supporting state, local, and tribal partners; protecting victims of crime from exploitation and re-victimization; and identifying, arresting, and prosecuting violent criminals. The Department's strategic and coordinated enforcement activities to combat violent criminals helps inform state, local, and tribal law enforcement agencies' actions to develop locally-based strategies focused on reduction efforts.

VIII. Ensuring Financial Accountability of Department Contracts and Grants

The effective oversight by the Department of all contracts and grants awarded to ensure financial accountability and mitigate the risks of fraud or misuse of contract and grant funds is an ongoing challenge. The Department has made significant improvements to its administration and oversight of contracts and grants.

Compliance with the FAR

The Federal Acquisition Regulation (FAR) is a complex set of rules pursuant to which the Department must administer and oversee its contracts. Complying with the FAR is a top priority for the Department. The Justice Management Division (JMD) actively seeks opportunities to mitigate risks associated with the execution of FAR-based requirements and procedures. In July 2020, the OIG issued a Management Advisory Memorandum (MAM) to JMD that included four recommendations related to what it found to be recurring and potentially systemic issues; the OIG suggested that the identified concerns be addressed comprehensively. JMD had, in fact, already issued or had in final draft comprehensive policy guidance addressing three of the areas of concern. In its response to the OIG regarding the MAM, JMD submitted information about these Department-wide Policy Instructions, and the OIG concluded that the three recommendations would be resolved once JMD produced evidence that the policies had been distributed and executed by Department components. JMD is in the process of taking these final steps. The last recommendation concerned inclusion of contract management in the Department's enterprise-level risk management prioritization. As a result of this recommendation, JMD submitted "Contract Oversight and Management" as an item for consideration in the Department's Risk Profile. The Department continues to review this item as part of its Enterprise Risk Management process.

Pandemic Grant Funds

The CARES Act was passed as part of the United States Government response to the COVID-19 pandemic. Of the over $2 trillion in funding intended to strengthen the national response to the pandemic, the Department was appropriated approximately $1.007 billion, with $850 million (84 percent of the total) allocated to the Office of Justice Programs (OJP) to award grants for the purposes of preventing, preparing for, and responding to the pandemic. OJP immediately began the process of distributing funding and awarding grants.

On April 23, 2020, the OIG initiated an audit to review the CARES Act spending, and on July 9, 2020, issued its Interim Report. The OIG's preliminary work indicates that OJP's administration efforts over CARES Act funding appeared effective and appropriate, as of May 29, 2020. The OIG noted that OJP has distributed Coronavirus Emergency Supplemental Funding (CESF) quickly and in accordance with CARES Act requirements. The OIG found that OJP's long-term risk mitigation and overall CESF oversight might benefit from the inclusion of factors, such as known COVID-19 impact and initial responsiveness to the CESF solicitation, in the award monitoring strategy; and that OJP should consider notifying the CESF recipient community, on a regular basis, of fraud schemes known to be targeting CARES Act funds. In response to this report, the Bureau of Justice Assistance (BJA) updated its website with useful information on resources to mitigate the risk of fraud, waste, and abuse of CARES ACT funding, and continues to carefully monitor all CESF awards and provide ongoing technical assistance.

Grant Monitoring: Safety-Issues and Reliable Metrics

Another challenge that the Department has faced is programmatic concerns related to grant programs. The Department is committed to strengthening the implementation of its grant programs to ensure that resources accomplish its goals through reliable metrics and without harming participants. For example, in response to a 2019 OIG audit of efforts to safeguard minors in the Department's youth-centered programs, DOJ's grant-making components implemented a new award condition on grant awards that may involve contact with minors. These grantees must establish screening requirements for individuals who will interact with minors in Department-funded programs. In addition, beginning in FY 2021, the grant-making components will implement monitoring protocols to ensure grantees have complied with the award conditions and established screening requirements.

Grants Oversight

The Office of Justice Programs (OJP) is responsible for large amounts of grant money, and it recognizes the inherent risks associated with overseeing a grants portfolio of almost 8,900 open awards totaling approximately $13.4 billion. OJP's efforts in mitigating such risks demonstrates the Department's strong commitment to ensuring that grant money is spent appropriately. OJP's rigorous oversight and monitoring program uses a risk-based approach to identify those grants and grantees posing the highest risk to federal funds and then focuses efforts on those grants and grantees. OJP consistently exceeds its statutory requirement to conduct comprehensive monitoring of not less than 10 percent of total award dollars. In FY 2020, OJP completed in-depth programmatic monitoring of 531 grants totaling $2.13 billion, approximately 59 percent over the amount required by law. In-depth programmatic monitoring (on-site or remote) is an extensive review of the grantee's activities. OJP also conducts annual desk reviews on each active award.

In addition, OJP's Office of the Chief Financial Officer (OCFO) provides financial monitoring for the Department's entire grants portfolio (OJP, the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS Office)), which consists of approximately 12,200 active grants totaling almost $15.8 billion for FY 2020. In FY 2020, OJP's OCFO carried out financial monitoring of approximately $1.6 billion of COPS Office, OJP, and OVW active grant funding. This included on-site financial monitoring of 134 grants totaling over $324 million, and financial desk reviews (conducted remotely from OJP) of 404 grants, totaling more than $759 million. Due to the impact of COVID-19 across the U.S, OJP completed remote monitoring of 273 grants, totaling approximately $599 million. As a result of this financial monitoring, OCFO identified approximately $8.1 million in questioned costs.

OCFO continues to make the timely follow-up and closure of site visit and desk review findings and recommendations a priority. As a result, in FY 2020, OCFO worked with grantees to close out 70 monitoring site visits resolving $6.3 million in questioned costs, and 507 grant desk reviews resolving nearly $2.2 million in questioned costs.

To improve compliance and reduce the risk of fraud, waste, and abuse, OJP requires all award points of contact and financial points of contact to complete grants financial management training. In FY 2020, OJP conducted three comprehensive two-day financial management training seminars and one two-day advanced seminar, providing financial training and guidance to 242 participants. In addition, OCFO conducted a variety of ad hoc/focused training sessions and webinars for more than 1,500 grantees. OJP also continued to provide Online Grants Financial Management Training for all Department grant recipients. The online training is designed to cover all topics grantees need to ensure sound fiscal management of their awards. Approximately 2,700 grantee personnel successfully completed the online training in FY 2020.

OJP continues to closely coordinate with grantees and the OIG to address issues identified in grant audits and timely resolve outstanding OIG audit recommendations. In FY 2020, OJP received 74 audit reports, containing 277 recommendations and $5.1 million in questioned costs. In FY 2020, OJP facilitated the closures of 75 single audit and OIG grant audit reports. This represented the closure of 267 recommendations and $4 million in questioned costs. Among the closed reports, 77 percent of the $3.1 million in questioned costs identified by the OIG were ultimately supported by grantees, determined to be allowable and/or approved by OJP; and 23 percent, or $0.9 million, of the questioned costs were returned to the Department for better use.

Crime Victims Fund: Audits and Outreach Efforts

The Department and OJP recognize the increased risk presented by additional appropriations for the Crime Victims Fund (CVF), and take seriously the responsibility to ensure fiscal accountability for all recipients. The Office for Victims of Crime (OVC) has taken numerous steps to address the risks associated with the large increases of the CVF, such as prioritizing the in-depth monitoring of these awards; preparing quarterly risk-indicator reports to proactively identify and resolve potential issues; and assessing the adequacy of subrecipient monitoring policies, procedures, and practices of all CVF grantees. OJP has taken steps to enhance its CVF grant oversight efforts, including further clarifying for grantees the requirements for managing CVF awards, and working with the states on strategies for selecting and monitoring CVF grant subrecipients.

Corrective Actions on Audit Recommendations

The Department's components all respond to the OIG's audit recommendations as expeditiously, responsibly, and thoroughly as possible. The Department respects the OIG's oversight role, and understands that the Department's timely responses ensures more effective accountability.

IX. Strategic Planning: The Department's Challenges to Achieve Performance-Based Management and to Enhance Human Capital

The Department recognizes the value of strong integrated decision support management processes. As a result, in 2018, the Department reorganized its decision support functions and created the Strategic Planning and Performance Staff (SPPS). This staff has lead responsibility for Department-wide strategic planning, performance management, and enterprise risk management. During the past year, the Department transferred to SPPS some of the responsibilities of the Evaluation Office, including developing a Learning Agenda, Capacity Assessment, and Evaluation Plan, as envisioned by the Foundations for Evidence-based Policymaking Act of 2018.

As the Department further develops and integrates these processes, it continues to foster a culture of learning and continuous improvement across all Department programs and functional areas. By using this integrated management strategy, the Department will take a holistic approach in developing its strategic goals and objectives, using a cohesive framework to measure success, identify both positive and negative risks that affect the mission, and creating response plans that improve planning accuracy and enhance operational performance.

The Department's Challenge to Achieve Performance-Based Management

The Department agrees that performance-based management involves using reliable statistics and narratives to ensure that programs are achieving set goals and contributing to the overall mission of the Department. The OIG notes the importance of data to address the Department's Strategic Objective to disrupt and dismantle drug trafficking organizations to curb opioid and other illicit drug use in our nation. The Department and DEA agree that having and using good data is critical to achieving this objective. To that point, the DEA provides several examples of components' reliance on and effective use of data and performance metrics to enhance management decision making. For example, the DEA recently created a Staffing Allocation Model (SAM) to help align agent resources to field offices based on external risk and internal performance. The model was developed using 50 external and internal variables (e.g., drug deaths, violent crime, and drug seizure data). In another example, the DEA uses data (e.g., number of applicants per job announcement) to identify offices that are hard to fill and for which it is strategically important to explore ways to incentivize moves. The DEA is also using PowerBI, which is a data visualization tool, to make operational results data available to DEA managers in near real-time. The data is updated automatically to allow managers to easily access the results from specific operations, such as Operation Crystal Shield and Operation LeGend. In addition, in September 2020, the DEA established a Data Governance Board to better address, among other things, data governance and management issues relating to accessibility, analytics, and data quality.

Regarding diversion data, the DEA is better leveraging diversion-related data that it collects to generate proactive and comprehensive lead packages for the field. Its newly-developed digital dashboard uses algorithms to identify Automation of Reports and Consolidated Orders System (ARCOS) suspicious transactions, including, but not limited to: orders of controlled substances of unusual size, orders of a controlled substances deviating substantially from a normal pattern, and controlled substance orders of unusual frequency. The DEA is also proactively leveraging data derived from ARCOS and combining it with data from the Suspicious Order Report System (SORS), Drug Theft, and other data sources to identify anomalous behavior by pharmacies, practitioners, manufacturers, and distributors that may be indicative of diversion.

Finally, the DEA's 360 Strategy has made communities stronger through better-trained community anti-drug coalitions, a better informed public, and better and more frequent communication between community groups to implement local solutions. The strategy has introduced evidence-informed and science-based opioid abuse prevention materials to homes and classrooms across the country.

Another example of the recognition of the importance of capturing, tracking, and utilizing data to improve operational performance is demonstrated by the Department's response to a June 2019, OIG Audit Report regarding the Department's Use of Immigration Sponsorship Programs, in which the OIG specifically directed two recommendations to the Criminal Division's Office of Enforcement Operations (OEO). OEO, which oversees the S visa Program, responded to both recommendations, and the OIG subsequently closed both by March 2020. OEO significantly improved its policies and processes to better track foreign national S visa sponsorship information submitted by the Department's law enforcement components. Based on these improvements in performance-based management and data analysis, including improved information sharing and reconciliation procedures with S visa Program stakeholders, OEO has enhanced the effectiveness and accountability of the S visa Program. Most importantly, improved S visa application and approval tracking has allowed OEO to provide stakeholders with the transparency those components need to better manage their cases and the foreign nationals whom they have sponsored for immigration benefits. OEO will continue to monitor its policies and processes to promote effective data management among Department components, and also will continue to work with the Department of Homeland Security to develop more efficient interagency processes.

The Department's Challenge to Enhance Human Capital

Pursuant to the Government Performance and Results Modernization Act of 2010 (GPRA Modernization Act), and OMB Circular A-123, Department leaders are faced with challenges in their mission-driven efforts to: (1) achieve performance-based management; and (2) enhance its human capital according to the current DOJ Strategic Plan, which entails producing accurate information and developing the workforce. The Attorney General established four strategic goals as set forth in the Department's FY 2018-2022 Strategic Plan. One of these goals encompasses promotion of "good government," which has as its objectives the achievement of management excellence, workforce development, and deployment of innovative technology.

Highly-Skilled Professionals

The Department faces challenges recruiting and retaining employees to fill certain mission-critical positions. Throughout the Department, new ways are being explored to overcome these challenges. For example, in collaboration with OPM, the Department's Criminal Division (CRM) created hiring assessments to more easily identify qualified applicants responding to CRM's USA Jobs postings; identified key competencies for several critical positions, such as Paralegals and International Affairs Specialists, and as a result, implemented custom assessments for each position; created a structured interview assessment for Data Analyst positions to help assess the best qualified candidates; and, in order to assess supervisory skills for key positions, identified and built a custom supervisory assessment tool. Overall, these assessments ensure that CRM's hiring managers receive certificates of eligibility with the best qualified candidates from which to choose.

The Department continues to take a multi-pronged approach to recruit and retain a highly-skilled workforce. For example, the FBI has tagged all relevant positions with the appropriate cybersecurity codes in order to track and map the availability of required skill sets and to determine future needs; the BOP is targeting technical support specialist applicants with required skill sets, and is exploring how most effectively to use incentives such as recruitment, retention, relocation reimbursement, and student loan payoffs; OPM has granted the Department's request for Direct-Hire Authority (DHA) for cyber and STEM positions; and the Department is currently assessing the viability of DHA for IT specialists to meet critical hiring needs.

Work Life Balance

The Department is committed to seeking ways to improve employee engagement and work-life balance. The Department has adopted OPM's recently-established temporary work-life flexibility options to assist employees with the changing demands on their home and work situations and obligations as a result of the COVID-19 pandemic. In addition to encouraging components to fully utilize all available workplace flexibilities, the Department is also encouraging supervisors to explore, support, and enhance team building and employee inclusion and engagement opportunities, and to increase efforts to communicate effectively with employees, even when those communications cannot take place in person. The Department is also developing an overall employee engagement strategy to address employees' work-related concerns. The Department will continue to explore all opportunities for further enhancing work-life flexibilities.

Diversity

The Department is committed to exploring ways to ensure that its workplace is diverse, safe, and fair for all employees. For example, JMD's EEO staff, in collaboration with the Department's law enforcement components and the Office of Attorney Recruitment and Management, coordinates and participates in several activities that help to develop diverse applicant pools for mission-critical jobs, including attorneys, and to foster an inclusive work environment. These activities include targeted employment outreach (in person and virtual) at Minority Serving Institutions, and national conferences and career fairs that support the employment of women, minorities, persons with disabilities, and Veterans, including Disabled Veterans; special emphasis observance programs to raise awareness of the Department's diverse workforce; and professional and career related training to develop a pipeline of qualified and diverse internal candidates for mid- to senior-level positions across the Department. In recognition of the FBI's efforts to build a more diverse and inclusive workforce, the Office of the Director of National Intelligence awarded the FBI with the Intelligence Community's Equal Employment Opportunity and Diversity Award for Team Achievement.

The efforts of the USMS provides another example of how different components are addressing these issues. Through the MD-715 reporting process, the U.S. Equal Employment Opportunity Commission (EEOC) requires agencies to conduct a thorough annual self-assessment to identify equity issues and other barriers to full employment. To accomplish this task, the EEOC provides agencies with a pre-designed self-assessment tool to elicit information about the agency's Equal Employment Opportunity and related programs and policies. The USMS OEEO completed the USMS self-assessment for FY 2018 and no barriers were identified. The analysis of FY 2019 workforce data will be completed in FY 2020. During the reporting period, 48 female employees participated in various national training conferences designed to enhance their skill sets and expand their professional networks. The FY 2019 training opportunities included conferences held by national law enforcement organizations, including the National Association of Blacks in Criminal Justice, Women in Federal Law Enforcement, National Organization of Black Law Enforcement

Executives, National Asian Peace Officers' Association, National Association of Women Law Enforcement Executives, National Native American Law Enforcement Association, National Latino Peace Officers Association, and International Association of Women Police. The USMS's efforts provides one example of the Department's commitment to effectively address these important issues.

The Department's goal to enhance diversity in its workforce and to provide fair and meaningful opportunities for all qualified persons to not only join the Department, but to succeed, excel, and advance after joining the Department, is of crucial importance, and the Department's efforts in this regard are ongoing.

APPENDICES

Appendix A

Payment Integrity Information Act Reporting

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to annually report certain information on improper payments and fraud reduction efforts to the President and Congress through their annual Agency Financial Report or Performance and Accountability Report.[1] The Department provides the following improper payments and fraud reduction reporting as required by the PIIA; OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*. See https://paymentaccuracy.gov for more detailed information on improper payments and recovery activities.

I. Actions Taken to Address Auditor Recovery Recommendations

Not applicable. In FY 2020, only one Department component – the FBI – used a recovery audit contractor to supplement internal review efforts to detect improper payments. The contractor did not provide the FBI any recommendations regarding actions that can be taken to prevent overpayments.

II. Fraud Reduction Report

In FY 2020, the Department continued its progress in implementing financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office; and OMB Circular A-123 with respect to the leading practices for managing fraud risk. In addition, the Department continued its progress in identifying risks and vulnerabilities to fraud and establishing strategies, procedures, and other steps to curb fraud.

The Department's fraud reduction program is part of its overall program of internal control. The program includes identifying fraud risks and opportunities, analyzing internal controls to prevent and detect fraud, responding to fraud risks through ongoing monitoring, assessing root causes of fraud, and developing corrective action plans, as necessary.

In FY 2020, the Department enhanced its fraud risk assessment approach to improve the identification of significant fraud risks and analysis of the effectiveness of controls to support the reduction of fraud. Specifically, the Department refreshed the tools, templates, and criteria to more effectively and accurately identify fraud risks and associated anti-fraud controls across the Department. The enhanced fraud risk assessment focused on seven key areas:

- human resources (payroll, time and attendance, and awards)
- disbursements (beneficiary payments, purchase cards, and embezzlement)
- grants (grants management, disbursements, and awards)
- acquisitions (large contracts and purchase cards)
- travel (travel cards, requests, and receipts)
- property (physical and intangible property)
- COVID-19 (fraud risks resulting from business changes as a result of COVID-19)

[1] The PIIA repealed the Improper Payments Information Act of 2002 (IPIA), Improper Payments Elimination and Recovery Act of 2010 (IPERA), Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and Fraud Reduction and Data Analytics Act of 2015 (FRDA).

As in FY 2019, the Department conducted a facilitated session to focus on Department-wide fraud risks and vulnerabilities, current and planned financial and administrative control activities to mitigate fraud risks, fraud risk ratings, and management's tolerance related to each fraud risk. The session was attended by the Department's Senior Assessment Team or their representatives, which was valuable because of the attendees' detailed insight into their respective component's OMB Circular A-123 assessment as it relates to fraud and the fraud risk principle in the GAO Green Book. Based on the analyses of risks, vulnerabilities, and control activities, the Department identified no instances where immediate action was needed to address high residual risk or risks outside of management's tolerance.

APPENDIX B

Acronyms

A

ACM	Asbestos Containing Materials
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
AOUSC	Administrative Office of the United States Courts
APR	Annual Performance Report
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division

B

BAR	Budget and Accrual Reconciliation
BJA	Bureau of Justice Assistance
BOP	Federal Bureau of Prisons
Budget	Budget of the United States

C

CFO	Chief Financial Officer
CHRP	COPS Hiring Recovery Program
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
CPOT	Consolidated Priority Organization Target
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSCATL	Correctional Systems and Correctional Alternatives for Tribal Lands
CSRS	Civil Service Retirement System
CVF	Crime Victims Fund

D

DATA	Digital Accountability and Transparency Act
DCM	Debt Collection Management
DEA	Drug Enforcement Administration
DEO	Departmental Ethics Office
Department, The	Department of Justice
DOJ	Department of Justice
DOL	Department of Labor
DTO	Drug Trafficking Organization

E

ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
ERM	Enterprise Risk Management
ESCO	Energy Service Companies
ESPC	Energy Savings Performance Contracts

F

FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FBWT	Fund Balance with U.S. Treasury
FCSC	Foreign Claims Settlement Commission
FECA	Federal Employees Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees System
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMIS2	Financial Management Information System 2
FPI	Federal Prison Industries, Inc.
FRDA	Fraud Reduction and Data Analytics
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAO	Government Accountability Office
GAN	Grant Adjustment Notice
GMRA	Government Management Reform Act
GPFFR	General Purpose Federal Financial Reports
GPRA	Government Performance and Results Act
GPRAMA	GPRA Modernization Act of 2010
GPRS	Grant Payment Request System

H

HHS	Department of Health and Human Services

I

IG	Inspector General
Integrity Act	Federal Managers' Financial Integrity Act
INTERPOL	International Criminal Police Organization
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
IPOL	INTERPOL Washington
IUS	Internal Use Software

J

JMD	Justice Management Division

K

KG	Kilogram

L

LCM	Lower of average cost or market value

M

MCO	Mission Critical Operation

N

N/A	Not Applicable
NIBIN	National Integrated Ballistic Information Network
NSD	National Security Division

O

OBDs	Offices, Boards and Divisions
OCDETF	Organized Crime Drug Enforcement Task Forces
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OIP	Office of Information Policy
OJP	Office of Justice Programs
OLA	Office of Legislative Affairs
OLC	Office of Legal Counsel
OLP	Office of Legal Policy
OMB	Office of Management and Budget
OPA	Office of the Pardon Attorney
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OSG	Office of the Solicitor General
OTJ	Office of Tribal Justice
OVC	Office for Victims of Crime
OVP	Office of the Vice President
OVW	Office on Violence Against Women

P

PAR	Performance and Accountability Report
PHS	Public Health Services
PSOB Act	Public Safety Officers' Benefits Act of 1976
PTO	Priority Threat Organizations
PY	Prior Year/Previous Year
P3	Public-Private Partnerships

R

RCA	Reports Consolidation Act of 2000
RECA	Radiation Exposure Compensation Act
RI/FS	Remedial Investigation/Feasibility Study
RLUIPA	Religious Land Use and Institutionalized Persons Act

S

SADF	Seized Asset Deposit Fund
SAM	System for Award Management

SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCAAP	State Criminal Alien Assistance Program
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal
SOR	Strategic Objective Review

T

TAX	Tax Division
TEPP	Threat Enforcement Prioritization Process
TJSIP	Tribal Justice Systems Infrastructure Program
TSP	Thrift Savings Plan
Trust Fund	Federal Prison Commissary Fund

U

UDO	Undelivered Orders
UFMS	Unified Financial Management System
USAs	United States Attorneys
USAO	United States Attorneys' Offices
USMS	United States Marshals Service
USSGL	U.S. Standard General Ledger
UST	United States Trustees

V

VCF	Victim Compensation Fund
VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing
VSSTF	Victims of State Sponsored Terrorism Fund

APPENDIX C

Department Websites

Component	Website
Asset Forfeiture Fund (AFF)	www.justice.gov/afp/fund
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.gov/programs/aiana.htm
Antitrust Division	www.justice.gov/atr
Bureau of Alcohol, Tobacco, Firearms and Explosives	www.atf.gov/
Bureau of Justice Assistance (OJP)	www.bja.gov/
Bureau of Justice Statistics (OJP)	www.bjs.gov/
Civil Division	www.justice.gov/civil/
Civil Rights Division	www.justice.gov/crt/
Community Oriented Policing Services - COPS	www.cops.usdoj.gov/
Community Capacity Development Office (OJP)	www.ojp.usdoj.gov/ccdo/welcome_flash.html
Community Relations Service	www.justice.gov/crs
Criminal Division	www.justice.gov/criminal/
Diversion Control Program	www.dea.gov/diversion-control-division
Drug Enforcement Administration	www.justice.gov/dea/
Environment and Natural Resources Division	www.justice.gov/enrd/
Executive Office for Immigration Review	www.justice.gov/eoir/
Executive Office for U.S. Attorneys	www.justice.gov/usao/eousa/
Executive Office for U.S. Trustees	www.justice.gov/ust/
Federal Bureau of Investigation	www.fbi.gov/
Federal Bureau of Prisons	www.bop.gov/
Federal Prison Industries	www.unicor.gov/
Foreign Claims Settlement Commission of the United States	www.justice.gov/fcsc/
INTERPOL Washington	www.justice.gov/interpol-washington/
Justice Management Division	www.justice.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.gov/
National Institute of Corrections	www.nicic.gov/
National Institute of Justice (OJP)	www.nij.gov/Pages/welcome.aspx
National Security Division	www.justice.gov/nsd/
Office of the Associate Attorney General	www.justice.gov/asg/index.html
Office of the Attorney General	www.justice.gov/ag/
Office of the Deputy Attorney General	www.justice.gov/dag/
Office of Information Policy	www.justice.gov/oip/oip.html
Office of the Inspector General	www.justice.gov/oig/
Office of Justice Programs	www.ojp.gov/
Office of Juvenile Justice and Delinquency Prevention (OJP)	www.ojjdp.gov/
Office of Legal Counsel	www.justice.gov/olc/index.html
Office of Legal Policy	www.justice.gov/olp/
Office of Legislative Affairs	www.justice.gov/ola/
Office of the Pardon Attorney	www.justice.gov/pardon/
Office of Professional Responsibility	www.justice.gov/opr/index.html
Office of Public Affairs	www.justice.gov/opa/index.html
Office of the Solicitor General	www.justice.gov/osg/
Office of Tribal Justice	www.justice.gov/otj/index.html
Office for Victims of Crime (OJP)	www.ovc.gov/
Office on Violence Against Women	www.justice.gov/ovw
Organized Crime Drug Enforcement Task Force (OCDETF)	www.dea.gov/organized-crime-drug-enforcement-task-force-ocdetf
Tax Division	www.justice.gov/tax/
U.S. Attorneys	www.justice.gov/usao/
U.S. Marshals Service	www.justice.gov/marshals/
U.S. Parole Commission	www.justice.gov/uspc/

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http://www.justice.gov/ag/fy-2020-agency-financial-report

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