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

FY 2021

Agency Financial Report

DEPARTMENT OVERVIEW

www.justice.gov








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," with the Attorney General as its head.

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.

FY 2022 - 2026 STRATEGIC GOALS

This section will be updated in FY 2022 with new strategic goals for FY 2022 - FY 2026. DOJ is in the process of developing its new strategic plan that will build on the Department's foundational mission to uphold the rule of law, keep the country safe, and protect civil rights.

LOCATION

The Department is headquartered in Washington, D.C., 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

Department Component Organizations as of September 30, 2021

Access to Justice
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 Relations Service (CRS)
Criminal Division (CRM)
Drug Enforcement Administration (DEA)
Environment and Natural Resources Division (ENRD)
Executive Office for Immigration Review (EOIR)
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 Community Oriented Policing Services (COPS)
Office for Organized Crime Drug Enforcement Task Forces (OCDETF)
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)

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U.S. DEPARTMENT OF JUSTICE

FY 2021
AGENCY FINANCIAL
REPORT

NOVEMBER 2021

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

November 15, 2021

A MESSAGE FROM THE ATTORNEY GENERAL

On my first day in office, I spoke to all Department employees about three co-equal priorities that should guide our work: upholding the rule of law; keeping our country safe; and protecting civil rights. These remain the Department's core priorities, and I am pleased that we have taken significant steps to advance each of them over the past eight months.

With respect to upholding the rule of law, we strengthened our policy governing communications between the Justice Department and the White House, thereby protecting the Department's criminal and civil law enforcement decisions and legal judgments from partisan or other inappropriate influences. We issued a new policy to better protect the freedom and independence of the press by restricting the use of compulsory process to obtain information from, or records of, members of the news media. And we are in the midst of an extraordinary effort to ensure that the perpetrators of criminal acts on January 6 are held accountable for their actions.

With respect to keeping our country safe, the Justice Department is strengthening its 200 Joint Terrorism Task Forces – the essential hubs for both international and domestic counterterrorism cooperation across all levels of government nationwide. We are working to counter cyber threats and cybercrime, including by launching a comprehensive strategic cyber review and launching the creation of a National Cryptocurrency Enforcement Team. We are acting in several ways to combat violent crime, including by: strengthening Project Safe Neighborhoods, a cornerstone initiative that brings together law enforcement and community stakeholders to develop solutions to pressing violent crime problems; making available cutting-edge analytical tools to support state and local law enforcement efforts to identify the most violent offenders; proposing rules to address the proliferation of "ghost guns"; disrupting illegal firearms trafficking in key corridors across the country; and requesting more than a $1 billion in grants to support local police departments. And we are working to address the opioid crisis by investigating and prosecuting the sources of supply, and by partnering with federal, state, and local law enforcement to seize deadly, fentanyl-laced fake pills.

Finally, with respect to protecting civil rights, we are working to safeguard the right to vote, including by doubling the number of attorneys in the Civil Rights Division's voting-rights enforcement staff and by publishing new guidance to make clear what voting protections apply to all jurisdictions as they redraw their legislative maps. We are addressing the rise in reported hate crimes by elevating criminal civil rights matters to the FBI's highest-level national threat priority and by expediting our review of federal hate-crime incidents. We are ensuring support and accountability for law enforcement, including by initiating pattern-or-practice investigations of police departments in Minneapolis, Louisville, and Phoenix. And we are taking steps to reinvigorate and expand our access-to-justice work, including by restoring a standalone Office for Access to Justice within the Department.

In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, we have prepared the FY 2021 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 2021, the Department earned an unmodified audit opinion on our consolidated financial statements for the eighteenth straight year. The auditor's report on internal control identified a material weakness at the consolidated level as a result of weaknesses identified in the following DOJ components: the Bureau of Prisons and the Offices, Boards, and Divisions related to financial statement preparation; the Office of Justice Programs related to risk assessment and control monitoring over the new grants management system; and Federal Prison Industries related to revenue recognition. A significant deficiency was reported for the Asset Forfeiture Management Staff related to reporting seized assets. Some corrective actions have been completed already, and we are committed to promptly completing remaining corrective actions.

The Department's assessment of risk and internal control in FY 2021 was conducted in accordance with OMB Circular A-123. Based on the results of the assessment and Assurance Statements provided by DOJ components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2021, except for the material weakness in financial reporting involving the need to improve financial statement compilation and review controls. Details of the weakness are provided in the AFR section Analysis of Systems, Controls, and Legal Compliance. Corrective actions are already underway and will be evaluated as part of the Department's FY 2022 A-123 internal control assessment.

We look forward to working with our components, the OIG, and auditors in FY 2022 to continue to strengthen our financial operations and reporting.

Merrick B. Garland
Attorney General

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AFR

U.S. Department of Justice – FY 2021 Agency Financial Report

Table of Contents

Section II: Financial Section (continued)

Section III: Other Information

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 Department's end-of-fiscal-year financial position and provides results that include, but are not limited to, financial statements, notes to the financial statements, and reports of the independent auditors.

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 (JMD), 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 2021 and FY 2020 report on all accounts and associated activities of each office, bureau, and activity of the Department.

Organization of the Report

Section I – Management's Discussion and Analysis (MD&A): This section includes summary information about the mission and organization of the Department; resource information; an analysis of the Department's financial statements; highlights of performance related information for the Department's major programs; 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 Office of Management and Budget (OMB) Circular A-123.

Section II – Financial Section: This section includes OIG's Commentary and Summary on the Department's FY 2021 Annual Financial Statements, the Independent Auditors' Report, and the Department's consolidated financial statements and related notes.

Section III – Other Information: This section includes the OIG-identified Top Management and Performance Challenges Facing the DOJ and the DOJ's response to those challenges, as well as sections on payment integrity, civil monetary penalty adjustments, grants, and FMFIA corrective action plan.

Appendices: This section includes (A) Office of the Inspector General's Analysis and Summary of Actions Necessary to Close the Report, (B) Acronyms and (C) Department Component Websites.

This report is available at URL: https://www.justice.gov/doj/fy-2021-agency-financial-report

Compliance with Legislated Reporting Requirements

This report meets legislated reporting requirements in the following statutes:

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

Chief Financial Officers Act of 1990 (CFO) – Requires major executive departments and agencies to appoint a CFO to provide leadership and oversight for the implementation and maintenance of federal financial management practices

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 DOJ 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 Statement

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 us by the American people. The Department enforces these laws fairly and uniformly to ensure that all Americans receive equal protection and justice under law.

Honesty and Integrity. The Department 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. We are effective and responsible stewards 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. We value differences in people and ideas. We are committed to the well-being of employees and to providing opportunities for individual growth and development.

Major Programs 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.

DOJ is in the process of developing its FY 2022 – 2026 Strategic Plan which defines mission, goals, objectives, and the means by which the Department will measure progress in addressing national problems over a five-year period. As such, for the FY 2021 Annual Financial Report the Department will not report on performance goals related to the FY 2018 - 2022 Strategic Plan. DOJ will produce a separate Annual Performance Report/Plan (APR/APP) in conjunction with the FY 2023 President's Budget request to be submitted in February 2022. The APR/APP will provide detailed information and descriptions of results by each key performance measure (long-term outcome goals included in the Department's FY 2022 - 2026 Strategic Plan).

In the place of strategic goals and objectives, DOJ and its components aligned their budgets to major programs and/or the Attorney General's priorities and strategies. A description of those major programs are as follows:

- Law Enforcement
  - Protects and defends the United States against foreign and domestic threats by investigating, enforcing, and upholding the laws of the United States. Included is the recovery of assets, for which proceeds may be used for compensation of victims of crimes. In addition, this program provides leadership and criminal justice services to federal, state, municipal, and international agencies, and partners.

- Litigation and Compensation
  - Assists the Attorney General in carrying our certain statutory responsibilities. The litigating function defends or asserts the laws, programs, and policies of the United States and provides coordination between the Office of U.S. Attorneys and other organizational units of the DOJ. Ensures that proceeds, monetary penalties, and fines are deposited into compensation funds which are distributed to victims. Ensures greater coordination and unity of purpose between prosecutors and law enforcement agencies, and intelligence attorneys and the Intelligence Community. Any component funded by General Legal Activities appropriation and not specifically covered by the description above is included in this program.

- Prisons and Detention
  - Provides for the safe, secure, and humane confinement of detained persons in prisons, detention centers, and community-based facilities, and provides services and programs to facilitate inmates' successful reintegration into society. Components of this program also promote public safety and strive for justice and fairness in the exercise of their authority to release and supervise offenders under their jurisdiction.

- Grants
  - Reduces crime and improves the function of the criminal justice system by increasing public safety and improving fair administration of justice across America through innovative leadership and programs. Such functions include but are not limited to, implementing national

and multi-state programs, and providing training and technical assistance to state, local, tribal governments, and community groups.

- Executive Oversight and Enterprise Technology
  - Executive Oversight: Supervises and directs the administration and operation of the DOJ including all components. Provides advice to senior management officials on matters including, but not limited to, policy for budget and financial management policy, personnel management and training, procurement, equal employment opportunity, information processing, telecommunications, security, and all other matters pertaining to organization. Also includes vital functions such as adjudicating immigration cases, preserving the bankruptcy system, managing multi-agency task forces, and national criminal justice programs having broad administrative, regulatory, and litigation/enforcement authorities.

  - Enterprise Technology: Provides and improves service delivery to personnel to maintain Department wide continuity by investing efficiently and effectively in technology. Protects critical mission assets by strengthening security in particular areas including access managements and incident response and recovery. Builds innovative capabilities by improving our ability to share information and build enterprise data management capabilities.

Organizational Structure

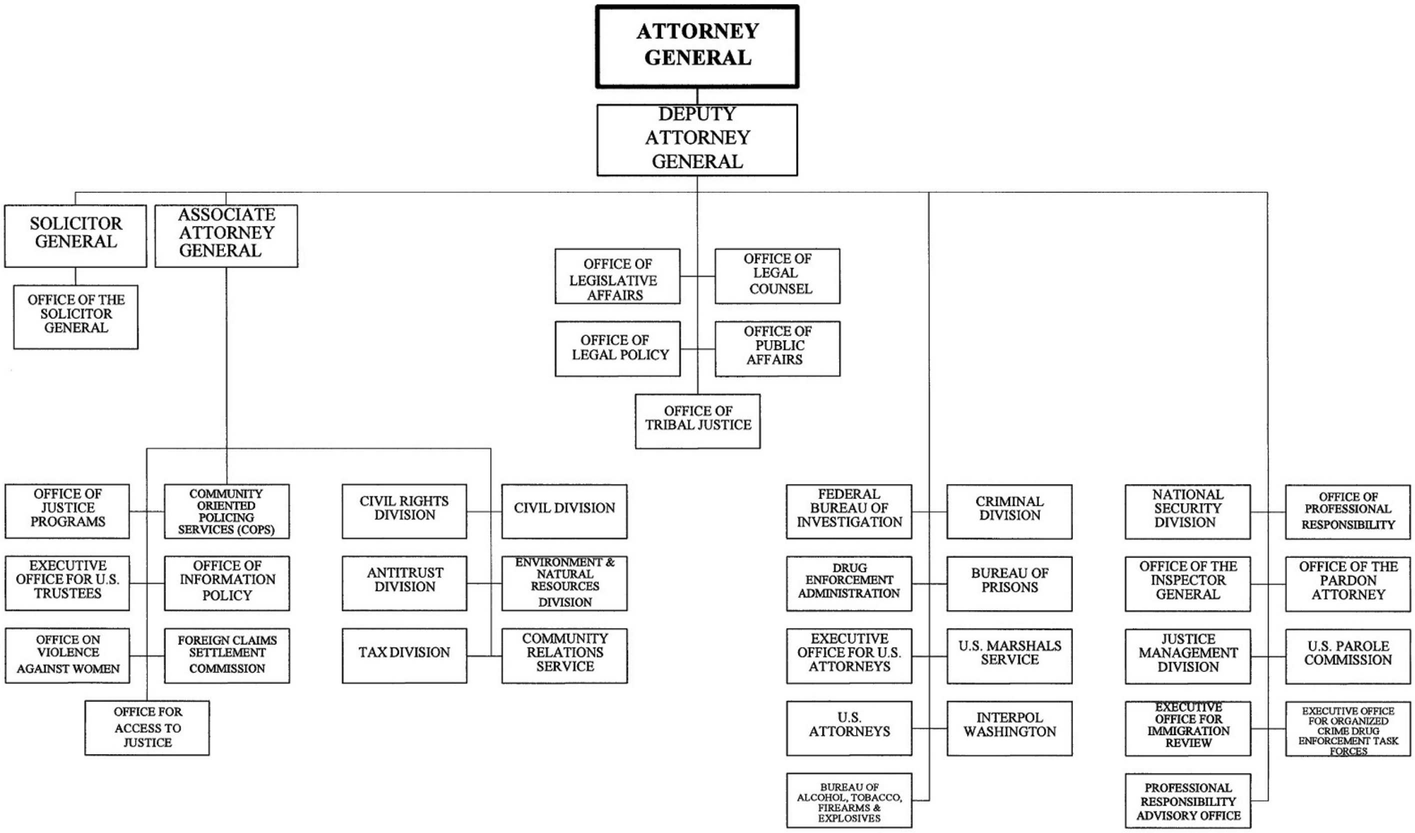
Led by the Attorney General, the Justice Department is comprised of more than forty separate component organizations. There are nearly 117,000 employees of the Department who ensure that the individual component missions, and the overarching Department mission, is carried out. These include major investigative components such as the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The major litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), Tax (TAX) Divisions, and U.S. Attorneys (USAs).

The U.S. Marshals Service (USMS), protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Federal Bureau of Prisons (BOP), confines convicted offenders; and the National Security Division (NSD), brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

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), Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the 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



Approved by: ________________ Date: 10·28·21

MERRICK B. GARLAND
Attorney General

Financial Structure

As of September 30, 2021, the Department's financial reporting structure was 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

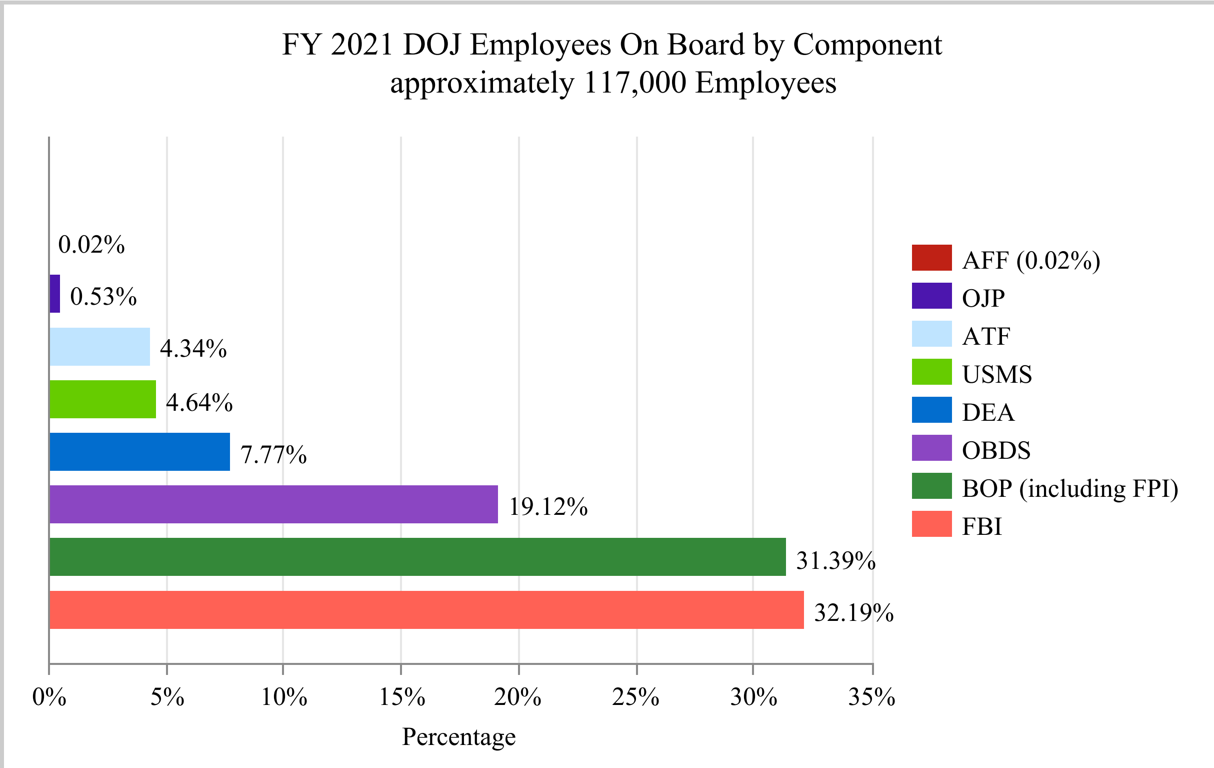
Foreign Claims Settlement Commission
U.S. Parole Commission

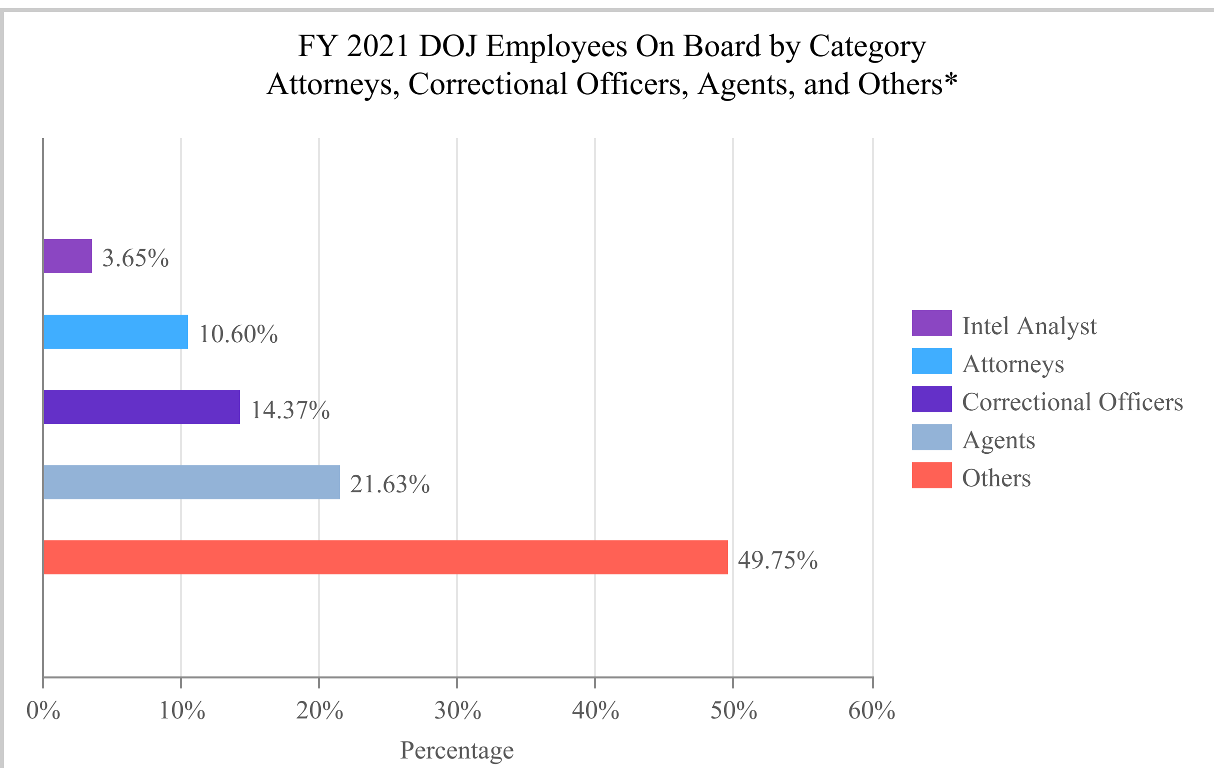
Divisions

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

FY 2021 Resource Information

The following pages provide summary-level resource information regarding the Department's operations for FY 2021. The charts on this page reflect employees on board as of September 30, 2021.





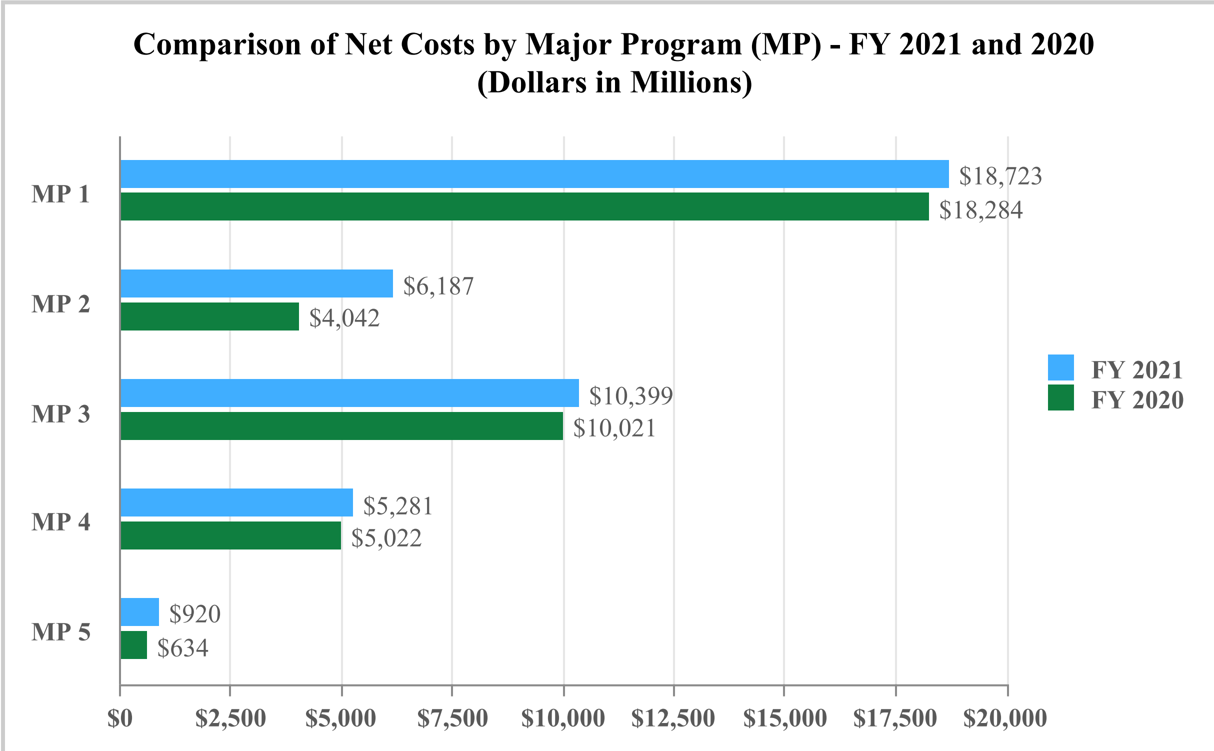
* "Others" includes pay class categories such as paralegals, financial managers, procurement officers, evidence technicians, and security specialists.

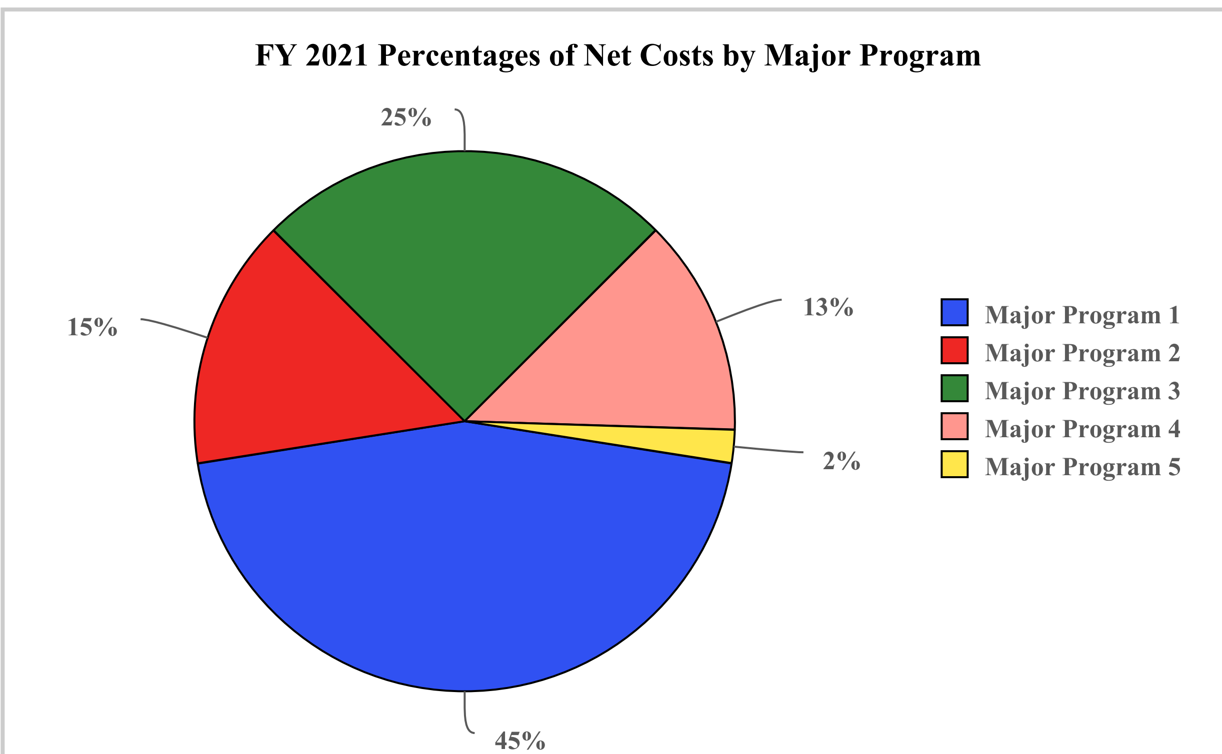
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2021	FY 2020	% Change
Earned Revenue:	**$ 2,954,110**	**$ 3,138,967**	(5.89)%
Financing Sources:			
Appropriations Received	36,047,475	33,762,221	6.77 %
Appropriations Transferred-In/Out	966,479	948,064	1.94 %
Nonexchange Revenues	782,022	583,068	34.12 %
Donations and Forfeitures of Cash and Cash Equivalents	1,070,709	1,179,995	(9.26)%
Other Adjustments	(248,221)	(216,607)	14.60 %
Donations and Forfeitures of Property	393,144	565,757	(30.51)%
Transfers-In/Out Without Reimbursement	(257,965)	(79,546)	224.30 %
Imputed Financing	980,785	819,489	19.68 %
Other Financing Sources	(11,467)	(14,725)	(22.13)%
Total DOJ Resources	**$ 42,677,071**	**$ 40,686,683**	4.89 %

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

Major Programs		FY 2021	FY 2020	% Change
1 Law Enforcement				
	Gross Cost	$ 19,445,202	$18,955,045	
	Less: Earned Revenue	722,383	671,433	
	Net Cost	18,722,819	18,283,612	2.40 %
2 Litigation and Compensation				
	Gross Cost	6,586,885	4,413,757	
	Less: Earned Revenue	399,460	371,678	
	Net Cost	6,187,425	4,042,079	53.08 %
3 Prisons and Detention				
	Gross Cost	11,047,772	10,654,241	
	Less: Earned Revenue	648,489	633,600	
	Net Cost	10,399,283	10,020,641	3.78 %
4 Grants				
	Gross Cost	5,300,885	5,059,193	
	Less: Earned Revenue	20,279	37,036	
	Net Cost	5,280,606	5,022,157	5.15 %
5 Executive Oversight and Enterprise Technology	Gross Cost	2,083,453	2,058,862	
	Less: Earned Revenue	1,163,499	1,425,220	
	Net Cost	919,954	633,642	45.19 %
	Total Gross Cost	**44,464,197**	**41,141,098**	
	Less: Total Earned Revenue	**2,954,110**	**3,138,967**	
	Total Net Cost of Operations	**$ 41,510,087**	**38,002,131**	9.23 %





Major Program 1: Law Enforcement
Major Program 2: Litigation and Compensation
Major Program 3: Prisons and Detention
Major Program 4: Grants
Major Program 5: Executive Oversight and Enterprise Technology

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations of the DOJ, 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 United States 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, 2021 and 2020. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and 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 2021. 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, 2021, displays $49.4 billion total assets, a decrease of $2.1 billion compared to the previous year's total assets of $51.5 billion. The decrease was primarily due to the settlement of large cases and subsequent payment to victims of crime, resulting in lost opportunity to invest available cash. As of September 30, 2021, the Department's Fund Balance with Treasury was $33.9 billion representing 68.7 percent of total assets.

Liabilities: Total liabilities were $16.9 billion as of September 30, 2021, a decrease of $0.3 billion from the previous year's total liabilities of $17.2 billion.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by major program. The net cost of the Department's operations totaled $41.5 billion for the fiscal year ended September 30, 2021, an increase of $3.5 billion compared to the previous year's net cost of $38.0 billion. The largest single contributor is related September 11th Victim Compensation Fund within the Litigation and Compensation program. As of September 30, 2021, the September 11th Victim Compensation Fund reported cumulative claims of $9.0 billion compared to previous year's cumulative claims of $7.2 billion, representing an increase of $1.8 billion.

Budgetary Resources: The Department's FY 2021 Combined Statement of Budgetary Resources shows $55.3 billion in total budgetary resources, a decrease of $0.8 billion from the previous year's total budgetary resources of $56.1 billion.

Net Agency Outlays: The Department's FY 2021 Combined Statement of Budgetary Resources shows $40.1 billion in net agency outlays, a decrease of $0.3 billion from the previous year's total net agency outlays of $40.4 billion.

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 Justice Department is in the process of developing a new strategic plan for Fiscal Years 2022 to 2026. Therefore, the Department is not reporting on performance associated with specific goals and objectives. Instead, this report includes a sampling of FY 2021 highlights from the many accomplishments of the DOJ community.

On August 3, 2021, the DEA launched a nationwide law enforcement effort to address an alarming increase in the availability and lethality of fentanyl-laced fake pills. Between August 3 and September 30, 2021, working in concert with federal, state, and local law enforcement partners, DEA seized 1.8 million fentanyl-laced fake pills and arrested over 800 drug traffickers across the United States. The DEA also made significant strides to disrupt the distribution of illegal methamphetamine in FY 2021, seizing approximately 70,000 pounds of methamphetamine, which represents a 146 percent increase from FY 2020.

The USMS apprehended or cleared 33,552 federal fugitives in FY 2021. As part of the Department's violent crime reduction strategy, the Marshals conducted 153 operations in the summer months alone. Through these operations 1,815 fugitives were arrested and 2,047 warrants were cleared, including 862 for homicide, 452 for assault with a firearm, 218 for robbery with a firearm, and 515 for sex assaults. During the course of these operations, USMS seized 1,078 firearms and 328.02 kg of narcotics. To protect children from victimization, the USMS also contributed to the recovery of 950 missing and endangered children during FY 2021, a 145 percent increase compared to FY 2020.

In March 2021, one of the largest international takedowns in FBI Criminal Investigative Division's history occurred. The case resulted in approximately 1,100 global arrests, 1,000 search warrants, and the seizure of 10 tons of cocaine, 15 tons of marijuana, 233 kilograms of heroin, 240 guns, 107 vehicles, and the equivalent of $57 million USD. The case resulted in a complete disruption and dismantlement of multiple transnational drug networks, an encrypted criminal communications platform, and represented an unprecedented coordination among law enforcement partners in over 16 countries. In addition, the FBI dismantled a total of 198 gang or criminal enterprises and conducted a total of 443 counterintelligence program disruptions and dismantlements.

The Justice Department's cybercrime response has also developed. The FBI's Internet Crime Complaint Center recovered 73 percent of private sector losses available for recovery. The Department also seized 63.7 bitcoins currently valued at over $2.3 million. These funds allegedly represent a significant portion of the proceeds of a May 8, 2021 ransom payment to a group which had targeted critical infrastructure.

On the litigation side, the Department's Civil Rights Division favorably resolved 98 percent of its civil cases and 96 percent of its criminal cases. Notable outcomes include a Title IX settlement where the Department achieved a $1.6 million settlement for the victims under Title IX of the Education Amendments of 1972 to ensure that students can attend school and participate in college athletics free from sexual harassment, including assault.

Prosecuting hate crimes continues to be of a high priority for the Department. The Attorney General appointed a hate crimes coordinator in the Office of the Associate Attorney General and directed an expedited review of hate incidents to determine whether they violate federal criminal laws in accordance with the COVID-19 Hate Crimes Act.

Furthermore, the Department continues to prioritize the prosecution of corporate securities and commodities fraud and price manipulation at banks and other international companies. Among other significant cases, in March 2021, the Department announced the plea of a senior oil trader in connection with a multiyear conspiracy to manipulate benchmark prices for fuel oil. In July 2021, prosecutors convicted the former Chief

Financial Officer of a publicly traded transportation company of securities fraud after trial in connection with an accounting fraud scheme. In August 2021, prosecutors convicted two former director-level precious metals traders on fraud charges after a jury trial.

Despite the imposed hardships of the global coronavirus (COVID-19) pandemic, in FY 2021 the BOP continued its programming under the First Step Act (FSA) and now offers more than 80 FSA programs. To support this, the BOP added a complement of new professional staff to add capacity to its existing evidence-based programs; more than 71,000 inmates were enrolled in such programs at the end of the fiscal year. Additionally, the BOP issued more than 235,000 COVID-19 vaccinations to staff and inmates. The BOP worked closely with the Centers for Disease Control and Prevention (CDC) to receive direct shipments of the vaccine, receive training from the CDC on vaccinations, and to update the BOP COVID-19 Pandemic Plan.

The OVW issued $471 million in Violence Against Women Act (VAWA) grant awards. These grants finance victim services and justice solutions in response to sexual assault, domestic/dating violence, and stalking. In addition, OVW's FY 2021 awards include training and technical assistance projects designed to help grantees align their work with best practices, and research and evaluation projects to study the effectiveness of VAWA funded programming.

During the fiscal year, OVW virtually convened the Department's annual government-to government Tribal Consultation on Violence Against American Indian and Alaska Native Women. OVW also expanded its Firearms Technical Assistance Project (FTAP) to help communities across the country reduce domestic violence related homicides and injuries committed with firearms. In addition, OVW made 41 awards under a special initiative designed to help tribes mitigate the impact of the COVID-19 pandemic on their ability to address violence against women.

In FY 2021, the EOIR developed and expanded WebEx remote video conferencing capabilities to restore adjudicatory capacity to the courts even while pandemic conditions continue to limit agency in-person operations nationwide. As of September 30, 2021, approximately 5,800 master calendar hearings and 2,900 merits hearings were scheduled, with approximately 2,400 cases or 80 percent successfully completed. The program's success has since justified the procurement of additional laptops to support further program expansion as the agency seeks to continue restoring adjudicatory capacity in FY 2022.

The EOIR and Office of Information Technology, continued the deployment of the EOIR Courts and Appeals System (ECAS). ECAS is the integrated suite of applications that converts EOIR processes from manual and paper-based processes to a digital ecosystem. In the past year, ECAS was deployed to 52 hearing locations and 295 courtrooms transitioned including Miami, San Francisco, and Los Angeles. In FY 2021, EOIR conducted outreach to 4,800 Department of Homeland Security (DHS) and Private Bar Attorneys, generated 180,000 electronic records of proceedings (eROPs), and accepted electronic filing of approximately 160,000 documents. The total number of files e-filed or scanned surpassed 1,000,000 (of which there were 18,000 representation forms filed electronically).

From December 2020 through January 2021, the Department invited employees who have requested or participated in the reasonable accommodation process within the past three years to complete a survey regarding their experience. The Department's Human Resources, in coordination with other DOJ Components, reviewed survey results to determine if changes are needed to improve or strengthen the reasonable accommodation process. Participation in this survey was voluntary and all responses were aggregated and kept confidential. DOJ will continue to issue this survey every three years.

Analysis of Systems, Controls, and Legal Compliance

Financial Management Systems and the Department's Strategy for Improving those Systems

The Department's financial management systems strategy for FY 2021 was to replace the one remaining major non-integrated legacy accounting system in use in the Department with the single, integrated financial management system the Department has been 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 2021, the Department continued its implementation planning efforts to prepare for the UFMS migration of the BOP set for early FY 2022. In October 2021, the BOP migrated to UFMS. The UFMS implementation goals have leveraged lessons learned from previous migrations and were 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, acquisitions, and employment laws and regulations. Compliance is addressed through policies and procedures, along with oversight and governance by senior leadership. In FY 2021, 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's FMFIA Assurance Statement provided on the following page.

Office of the Attorney General

Washington, D.C. 20530

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act), 31 U.S.C. § 3512, 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 Justice Department conducted its assessment of risk and internal control. Based upon the results of the assessment and Assurance Statements provided by DOJ components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2021, except for the material weakness identified at the consolidated level in internal control over financial reporting. Details of the material weakness and the Department's corrective action plan are provided in Section III of this report.

The Justice Department is committed to sound financial management principles as we pursue our priorities, including upholding the rule of law, keeping our country safe, and protecting civil rights. As we continue the important work of the Department, we are dedicated to using our funds responsibly and transparently. We will continue to work in FY 2022 to strengthen our controls in areas identified through the Department's internal review activities and by the OIG and GAO.

Merrick B. Garland
Attorney General
November 15, 2021

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. 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 2021, 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 the table on the following page.

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**
Improvements needed in management's risk assessment process, monitoring, and financial statement preparation and review	0	1	0	0	1
Total Material Weaknesses	**0**	**1**	**0**	**0**	**1**

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	Modified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Improvements needed in management's risk assessment process, monitoring, and financial statement preparation and review	0	1	0	0	0	1
Total Material Weaknesses	**0**	**1**	**0**	**0**	**0**	**1**

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

Summary of Material Weakness and Corrective Actions

A summary of the material weakness in financial reporting (FMFIA § 2) follows, along with details regarding corrective actions. The associated Corrective Action Plan is provided in Section III of this document.

Improvement are Needed in Management's Risk Assessment Process, Monitoring, and Financial Statement Preparation and Review

The preparation of the Department's consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department's financial management systems on a timely basis and providing other data to the JMD Finance Staff. As reported in Table 3 above, the Department earned an unmodified, i.e., "clean" audit opinion on its FY 2021 consolidated financial statements. This continued what the Department considers a proud tradition for an eighteenth straight year.

The auditors noted in their report on internal control over financial reporting that, during FY 2021, the Department and its components adopted a financial management strategy to undertake technology improvements and address changes in the financial reporting environment that included:

1. Migrating the legacy grants management system,
2. Engaging cloud-based service providers for financial and operational application hosting,
3. Continuing to implement UFMS throughout the Department,
4. Adapting to changes in the financial management workforce due to attrition, and
5. Adopting a new commercial-based significant accounting standard for revenue recognition.

The auditors' report identified a material weakness at the consolidated level as a result of weaknesses identified in DOJ component financial reporting. Weaknesses included a material weakness for the Bureau of Prisons and Offices, Boards, and Divisions related to financial statement preparation and Federal Prison Industries related to revenue recognition, and a significant deficiency for the Asset Forfeiture Management Staff related to reporting seized assets and Office of Justice Programs related to monitoring cloud service organizations used to support the new grants management financial process. The auditors' report noted that DOJ component management addressed the financial statement errors in the year-end financial statements. Nonetheless, the Department has additional work to do. To address this material weakness, the Department will strengthen financial statement risk assessment, preparation, and review controls; expand monitoring of cloud service organizations; provide additional guidance and training to Department components; and increase internal control reviews and monitoring to prevent, detect, and correct errors in financial reporting.

Forward-Looking Information

The Justice Department faces an array of challenges and risks as we work to meet our wide-ranging responsibilities, including those at the heart of our mission: upholding the rule of law, keeping our country safe, and protecting civil rights. In the second year of the pandemic, we are adapting to new work conditions and a changing set of threats.

Listed below are priority areas for the Department's focus and efforts:

- **Enhancing National Security and Keeping Our Country Safe**
    - Countering Foreign and Domestic Terrorism: The Department will continue to detect, investigate, and deter domestic and international terror plots through directed intelligence collection and analysis, and will share intelligence with national security partners to maximize our identification and disruption of terrorist threats.
    - Countering Cyber Threats: The Justice Department will develop and use cutting-edge tools to identify, disrupt, and prosecute those who commit digital threats, whether they are lone actors, parts of transnational organized crime groups, or acting on behalf of nation-states. We will strengthen public-private partnerships and will work to dismantle hacking infrastructure and seize criminal proceeds.
    - Combating Violent Crime and Gun Violence: The Department will identify and confront the most pressing violent crime problems, including by investing in community-based programs to discourage and prevent violence before it occurs.
    - Dismantling Major Drug Trafficking Networks and Addressing Overdose Deaths: The Department is committed to keeping our country safe from violent drug trafficking gangs and cartels. The Drug Enforcement Administration 2020 National Drug Threat Assessment assesses that Mexican transnational criminal organizations are the greatest threat and that fentanyl is the substance most linked to drug overdose deaths. The opioid epidemic affects a broad cross-section of the United States population without regard for age, gender, race, ethnicity, or economic status. Approximately 70,630 Americans died from drug overdoses in 2019, of which 70.6 percent were opioid-related.[1] The Department will continue to use all resources at our disposal to save lives.
    - Protecting Democratic Institutions: Keeping our country safe includes protecting its democratic institutions. The Department is currently engaged in a complex and resource-intensive investigations – one of the largest and most expansive in our history: the investigation of the January 6 attack on the Capitol. In addition, among other things, the Department will address threats against election workers, foreign attempts to intervene in U.S. elections, and efforts to disenfranchise voters.
- **Protecting Civil Rights**
    - Reinvigorating the Department's Civil Rights Enforcement: The Justice Department is committed to upholding the civil and constitutional rights of all Americans, including by bringing cases to safeguard voting rights, prosecute hate crimes, and end unlawful discrimination.
    - Building Community Trust by Ensuring Support & Accountability for Law Enforcement: Lack of public trust decreases effectiveness across the justice system. Efforts to respond to this will include policy reviews and changes to policing. As part of this, the Department is expanding its body worn camera program to our federal agents, to promote transparency and confidence, not only with the communities we serve and protect.
    - Ensuring Equal Access to Justice: To address the challenges millions of Americans across the country are facing as a result of the pandemic, the Department is taking steps to reinvigorate and expand our access-to-justice work, including by restoring a standalone Office for Access

[1] These are the numbers reflected on the CDC website, as October 2021, https://www.cdc.gov/drugoverdose/index.html

to Justice within the Department dedicated to addressing the most urgent legal needs of communities across America.

- Advancing Environmental Justice and Tackling the Climate Crisis: The Department is committed to advancing environmental justice and tackling the climate crisis with all the tools available to us – from enforcement to grantmaking and beyond. Moreover, because climate change can imperil DOJ's facilities that support mission-critical operations, the Department will determine where it can systematically incorporate resilient design and operational strategies into existing and future real property. Moreover, climate change has ramifications for the Department's weather events that can lead to climate refugees. Warmer temperatures correlate with increased violent crime.

Other areas of Departmental focus include:

- Ensuring Economic Opportunity and Fairness: The Justice Department is committed to ensuring economic opportunity and fairness by reinvigorating antitrust enforcement, combating fraud, and protecting consumers. We are aggressively enforcing the antitrust laws by challenging anticompetitive mergers and exclusionary practices, and by prosecuting price-fixing and allocation schemes that harm both consumers and workers. And we have stood up a COVID-19 Fraud Enforcement Task Force to bring to justice those who have tried to defraud the government of money intended for the most vulnerable among us.
- Promoting a Fair, Equitable, and Efficient Immigration Court System: The Department is committed to promoting a fair, equitable, and efficient immigration court system, including by reducing the immigration backlog and increasing access to legal representation.
- Modernizing Department Management Practices and Promoting Good Government: The Department is committing to achieving management excellence through innovation, including by aligning the Department's administrative structure and resources to meet organizational demands; implementing Department-wide data and technology modernization; processing reengineering and trend analysis; and training. The Department is also committed to recruiting, retaining, and fostering a talented workforce that is representative of the public we serve. To these ends, the Department will improve recruitment and hiring procedures, focus on retention, and evaluate and continually improve our diversity, equity, inclusion, and accessibility efforts. In addition, in the light of recent trends of officer suicide, we must prioritize mental health across the Department's law enforcement components.

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 major programs. The following section provides the Statements of Net Cost by Major Program for the DOJ, 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, 2021 and 2020.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2021 and 2020. 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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020.

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COMMENTARY AND SUMMARY

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2021

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, 2021. An unmodified opinion was issued. KPMG identified a material weakness in the Independent Auditors' Report. The Independent Auditors' Report did not report any 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 15, 2021, 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

KPMG provided the Department three recommendations to improve its risk assessment process, monitoring, and financial statement preparation and review.

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) 2021 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 entity's operations in accordance with U.S. generally accepted accounting principles. For FY 2020, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 21-017).

KPMG identified a material weakness in the FY 2021 Independent Auditors' Report, noting that improvements are needed in management's risk assessment process, monitoring, and financial statement preparation and review. No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards. 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.

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, 2021 and 2020, and the related consolidated statements of net cost, 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. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 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, 2021 and 2020, 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 consolidated 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, 2021, 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*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been

KPMG

identified. However, as described in the Exhibit, we did identify certain deficiencies in internal control that we consider to be a material weakness.

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 Department'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. We consider the deficiencies described in the accompanying Exhibit to be a material weakness.

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, 2021, 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 consolidated 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. 21-04.

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.

Department's Response to the Finding

The Department's response to the finding identified in our audit is described in the Exhibit. The Department's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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 15, 2021

EXHIBIT

Material Weakness

This section contains our discussion of the material weakness that we identified in internal control over financial reporting.

Improvements are Needed in Management's Risk Assessment Process, Monitoring, and Financial Statement Preparation and Review

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The Department of Justice (Department) and its components continue to enhance and modernize operational and financial reporting processes. The Department has made substantial progress in centralizing accounting operations and its use of technology platforms to support those initiatives including its core accounting system, Unified Financial Management System (UFMS).

During fiscal year (FY) 2021, the Department and its components adopted a financial management strategy to undertake technology improvements and address changes in the financial reporting environment, which included: 1) migrating the legacy grants management system; 2) engaging cloud-based service providers for financial and operational application hosting; 3) continuing to implement UFMS throughout the Department; 4) adapting to changes in the financial management workforce due to attrition; and 5) adopting a new commercial-based accounting standard for revenue recognition.

As a result of certain changes, we noted multiple weaknesses in internal control involving the operating effectiveness over financial reporting review controls, management's response to financial statement-level risks, monitoring of third party service organization controls used within its newly adopted technology platforms, addressing the financial management workforce challenges, adopting a significant accounting standard, and a component's interim financial statement preparation and review process.

The Department and its components' personnel responsible for performing risk assessment procedures, monitoring, and executing the operating effectiveness of internal controls faced multiple priorities during FY 2021, which included planning for the current and future accounting systems migrations and managing attrition within the financial management workforce.

During our FY 2021 audit, we noted the following deficiencies:

I. The financial statement preparation and review control activities were not operating effectively throughout the year to allow for the timely preparation of accurate and reliable financial statements in accordance with generally accepted accounting principles and OMB Circular No. A-136, *Financial Reporting Requirements.* Specifically, errors in the presentation of the certified financial statements and disclosures were not detected on a timely basis, including:

    - Offices, Boards, and Divisions understated the Status of Budgetary Resources included in Note 20 *Information Related to the Statement of Budgetary Resources* for fiscal year 2020 by approximately $6.8 billion.
    - The Department understated the Statement of Net Cost Gross Cost Intra-governmental major program 5, *Executive Oversight and Enterprise Technology* by approximately $631 million.
    - The Bureau of Prisons misclassified $800 million between the apportionment categories on the Statement of Budgetary Resources.

- The Bureau of Prisons misclassified $130 million (related to accrued payroll) between the Federal Employee Benefits Payable and Other Liabilities captions on the Balance Sheet.

II. Office of Justice Programs is the primary grant administering component of the Department, underwent two significant information system conversions: migrating its financial management system to UFMS and its grants case management systems to the JustGrants environment. During the implementation of the JustGrants system, the scope of management's risk assessment process did not adequately identify and respond to internal control risks and deficiencies relevant to the underlying grants data used to prepare the financial statements. Additionally, management did not properly design and implement effective monitoring controls over the applicable third-party information system service organization's supporting internal controls over financial reporting.

As a result of these weaknesses, there was a heightened risk that the relevant data elements impacting the financial statements may not be reliable.

III. The Federal Prison Industries, Inc's (FPI) risk assessment process did not adequately identify, assess, and respond to financial reporting risks related to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). FPI lacked policies and procedures to assess changes in accounting standards and adherence to required accounting principles and their application to the financial statement presentation. This weakness contributed to a revenue overstatement of $142 million and misstated other amounts contained in the Department's certified financial statements. These errors were not detected by FPI management's review control in a timely manner to allow for proper presentation of the year-end financial statements.

Components' management subsequently addressed the errors noted above in the year-end financial statements.

Our observations indicate that the Department needs to substantially improve financial statement preparation and review control activities, financial statement risk assessment controls that are responsive to changes occurring within the financial reporting environment, expand its monitoring activities relevant to third party service provider controls, dedicate adequate training resources to address changes in significant accounting principles, and ensure appropriate financial management resources assigned are commensurate with the risks identified to validate transactions processed in the financial system are ultimately presented in the financial statements free of error.

Criteria:

The U.S. Government Accountability Office's Standards for Internal Control in the Federal Government:

Principle 7 – Identify, Analyze, and Respond to Risks:

> "7.03 To identify risks, management considers the types of risks that impact the entity. This includes both inherent and residual risk. Inherent risk is the risk to an entity in the absence of management's response to the risk. Residual risk is the risk that remains after management's response to inherent risk. Management's lack of response to either risk could cause deficiencies in the internal control system.
>
> …7.09 Based on the selected risk response, management designs the specific actions to respond to the analyzed risks. The nature and extent of risk response actions depend on the defined risk tolerance…"

Principle 9 – Identify, Analyze, and Respond to Change:

> “9.01 management should identify, analyze, and respond to significant changes that could impact the internal control system.”
>
> …9.03 Conditions affecting the entity and its environment continually change…. Changes in internal conditions include changes to the entity’s programs or activities, oversight structure, organizational structure, personnel, and technology…Identified significant changes are communicated across the entity through established reporting lines to appropriate personnel.”

Principle 10 – Design of Appropriate Types of Control Activities:

> “10.03 transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.
>
> Controls over information processing[:] A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts; and controlling access to data, files, and programs”

Principle 11 – Designed Activities for the Information System:

> “11.09 Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology.”

Principle 12 – Implement Control Activities:

> “12.05: Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks. If there is significant change in an entity’s process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology.”

Principle 16 – Perform Monitoring Activities:

> "16.01 Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
>
> 16.08 Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations…"

Recommendations:

We recommend the Department:

1. Design and implement a control for JMD and the components to monitor and evaluate significant changes to operations or financial reporting processes within the Department that will identify, analyze, and respond to financial reporting risks, such as the adoption of new accounting standards, implementations and conversions of financially relevant systems, and utilization of new services organizations supporting the Department. *(New)*

   Management Response:
   Management concurs with the finding. The Department will assess and implement controls to address reporting risks associated with changes to accounting standards, implementation of new systems, and utilization of new service organizations.

2. Design and implement effective internal control processes for JMD and the components to review and monitor service organization control risks to ensure that ineffective controls performed by service organizations are evaluated and appropriate compensating controls are designed and implemented. *(New)*

   Management Response:
   Management concurs with the finding. The Department's OMB A-123 Senior Assessment Team will review and enhance our OMB A-123 assessment procedures. The enhancements will focus on ensuring the effectiveness of management's risk assessment process to identify and respond to internal control risks and deficiencies relevant to service organizations.

3. Design, implement, and execute policies and procedures for JMD and the components to identify and investigate significant variances across all certified financial statements and footnotes. *(New)*

   Management Response:
   Management concurs with the finding. We will enhance our internal control reviews over month and quarter end component financial reporting and operations to identify and investigate significant variances.

Principal Financial Statements and Related Notes

See Independent Auditors' Report

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2021 and 2020

Dollars in Thousands	2021	2020
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	$ 33,922,718	$ 34,076,057
Investments (Note 5)	3,598,898	5,013,918
Accounts Receivable (Note 6)	647,014	766,591
Advances and Prepayments	171,787	173,389
Other Assets (Note 10)	101	76
Total Intragovernmental	$ 38,340,518	$ 40,030,031
With the Public		
Cash and Other Monetary Assets (Note 4)	$ 1,377,333	$ 1,341,558
Accounts Receivable, Net (Note 6)	130,633	181,553
Inventory and Related Property, Net:		
Forfeited Property, Net (Note 8)	82,601	106,008
Other Inventory and Related Property, Net (Note 7)	118,144	251,940
General Property, Plant and Equipment, Net (Note 9)	8,769,704	8,855,461
Advances and Prepayments	570,870	696,605
Other Assets (Note 10)	591	3,089
Total With The Public	$ 11,049,876	$ 11,436,214
Total Assets	**$ 49,390,394**	**$ 51,466,245**
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	$ 292,234	$ 412,863
Advances from Others and Deferred Revenue	198,078	266,028
Other Liabilities:		
Custodial Liabilities (Note 21)	838,250	1,066,754
Other (Note 15)	566,311	536,995
Total Intragovernmental	$ 1,894,873	$ 2,282,640
With the Public		
Accounts Payable	$ 2,644,385	$ 3,627,484
Federal Employee Benefits Payable	2,833,459	2,801,180
Environmental and Disposal Liabilities (Note 12)	79,614	76,951
Advances from Others and Deferred Revenue	828,507	749,923
Other Liabilities:		
Accrued Grant Liabilities	796,630	625,785
Seized Cash and Monetary Instruments (Note 14)	2,849,978	2,429,647
Radiation Exposure Compensation Act Liabilities (Note 27)	61,918	102,395
September 11th Victim Compensation Fund Liabilities (Note 27)	3,294,883	3,023,169
United States Victims of State Sponsored Terrorism Act Liabilities (Note 27)	177,404	146,201
Other (Note 15)	1,404,619	1,299,685
Total With The Public	$ 14,971,397	$ 14,882,420
Total Liabilities	**$ 16,866,270**	**$ 17,165,060**
Commitments and Contingencies (Note 16)		
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$ 2,877	$ 2,877
Unexpended Appropriations - Funds from other than Dedicated Collections	17,889,713	16,619,046
Total Unexpended Appropriations	**$ 17,892,590**	**$ 16,621,923**
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	10,516,607	12,897,907
Cumulative Results of Operations - Funds from other than Dedicated Collections	4,114,927	4,781,355
Total Cumulative Results of Operations	**$ 14,631,534**	**$ 17,679,262**
Total Net Position	**$ 32,524,124**	**$ 34,301,185**
Total Liabilities and Net Position	**$ 49,390,394**	**$ 51,466,245**

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, 2021 and 2020

Dollars in Thousands

	FY	Gross Costs: Intra-governmental	Gross Costs: With the Public	Gross Costs: Total	Less: Earned Revenues: Intra-governmental	Less: Earned Revenues: With the Public	Less: Earned Revenues: Total	Net Cost of Operations (Note 18)
MP 1	**2021**	$ 5,440,447	$14,004,755	$19,445,202	$ 48,987	$ 673,396	$ 722,383	$ 18,722,819
	2020	5,199,768	13,755,277	18,955,045	63,342	608,091	671,433	18,283,612
MP 2	**2021**	1,580,595	5,006,290	6,586,885	159,910	239,550	399,460	6,187,425
	2020	1,359,322	3,054,435	4,413,757	267,640	104,038	371,678	4,042,079
MP 3	**2021**	2,020,959	9,026,813	11,047,772	273,720	374,769	648,489	10,399,283
	2020	1,953,523	8,700,718	10,654,241	243,194	390,406	633,600	10,020,641
MP 4	**2021**	248,603	5,052,282	5,300,885	20,276	3	20,279	5,280,606
	2020	191,037	4,868,156	5,059,193	37,036	—	37,036	5,022,157
MP 5	**2021**	396,174	1,687,279	2,083,453	636,888	526,611	1,163,499	919,954
	2020	399,428	1,659,434	2,058,862	636,464	788,756	1,425,220	633,642
Total	**2021**	**$ 9,686,778**	**$34,777,419**	**$44,464,197**	**$ 1,139,781**	**$1,814,329**	**$2,954,110**	**$ 41,510,087**
	2020	**$ 9,103,078**	**$32,038,020**	**$41,141,098**	**$ 1,247,676**	**$1,891,291**	**$3,138,967**	**$ 38,002,131**

Major Program (MP) 1 Law Enforcement
Major Program (MP) 2 Litigation and Compensation
Major Program (MP) 3 Prisons and Detention
Major Program (MP) 4 Grants
Major Program (MP) 5 Executive Oversight and Enterprise Technology

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, 2021

Dollars in Thousands

	2021			
	Funds from Dedicated Collections	**Funds from other than Dedicated Collections**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 2,877**	**$ 16,619,046**	**$ —**	**$ 16,621,923**
Appropriations Received	—	36,047,475	—	36,047,475
Appropriations Transferred-In/Out	—	966,479	—	966,479
Other Adjustments	—	(248,215)	—	(248,215)
Appropriations Used	—	(35,495,072)	—	(35,495,072)
Net Change in Unexpended Appropriations	**$ —**	**$ 1,270,667**	**$ —**	**$ 1,270,667**
Total Unexpended Appropriations: Ending	**$ 2,877**	**$ 17,889,713**	**$ —**	**$ 17,892,590**
Cumulative Results of Operations				
Beginning Balances	**$ 12,897,907**	**$ 4,781,355**	**$ —**	**$ 17,679,262**
Adjustments				
Changes in Accounting Principles	—	10,065	—	10,065
Beginning Balances, as Adjusted	**$ 12,897,907**	**$ 4,791,420**	**$ —**	**$ 17,689,327**
Other Adjustments	—	(6)	—	(6)
Appropriations Used	—	35,495,072	—	35,495,072
Nonexchange Revenues	781,903	119	—	782,022
Donations and Forfeitures of Cash and Cash Equivalents	1,070,711	(2)	—	1,070,709
Transfers-In/Out Without Reimbursement	(448,279)	190,314	—	(257,965)
Donations and Forfeitures of Property	393,144	—	—	393,144
Imputed Financing (Note 19)	37,375	959,964	(16,554)	980,785
Other	4	(11,471)	—	(11,467)
Net Cost of Operations	**(4,216,158)**	**(37,310,483)**	**16,554**	**(41,510,087)**
Net Change in Cumulative Results of Operations	**(2,381,300)**	**(676,493)**	**—**	**(3,057,793)**
Cumulative Results of Operations: Ending	**$ 10,516,607**	**$ 4,114,927**	**$ —**	**$ 14,631,534**
Net Position	**$ 10,519,484**	**$ 22,004,640**	**$ —**	**$ 32,524,124**

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	**Funds from other than Dedicated Collections**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 53,764**	**$ 16,043,659**	**$ —**	**$ 16,097,423**
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)
Net Change in Unexpended Appropriations	**$ (50,887)**	**$ 575,387**	**$ —**	**$ 524,500**
Total Unexpended Appropriations: Ending	**$ 2,877**	**$ 16,619,046**	**$ —**	**$ 16,621,923**
Cumulative Results of Operations				
Beginning Balances	**$ 15,399,181**	**$ 3,258,996**	**$ —**	**$ 18,658,177**
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	(459,886)	380,340	—	(79,546)
Donations and Forfeitures of Property	565,757	—	—	565,757
Imputed Financing (Note 19)	30,957	805,623	(17,091)	819,489
Other	(5,742)	(8,983)	—	(14,725)
Net Cost of Operations	**(4,511,315)**	**(33,507,907)**	**17,091**	**(38,002,131)**
Net Change in Cumulative Results of Operations	**(2,501,274)**	**1,522,359**	**—**	**(978,915)**
Cumulative Results of Operations: Ending	**$ 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
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2021 and 2020

Dollars in Thousands	2021	2020
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	$ 9,212,753	$ 11,854,331
Appropriations (discretionary and mandatory)	40,757,966	39,225,188
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,360,298	4,999,674
Total Budgetary Resources	**$ 55,331,017**	**$ 56,079,193**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 44,891,099	$ 47,982,287
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	8,618,468	6,690,848
Exempt from Apportionment, Unexpired Accounts	353,662	142,956
Unapportioned, Unexpired Accounts	481,672	322,650
Unexpired Unobligated Balance, End of Year	9,453,802	7,156,454
Expired Unobligated Balance, End of Year	986,116	940,452
Unobligated Balance - End of Year (Total)	10,439,918	8,096,906
Total Budgetary Resources	**$ 55,331,017**	**$ 56,079,193**
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	$ 41,187,770	$ 41,363,698
Less: Distributed Offsetting Receipts	1,038,771	918,286
Agency Outlays, Net (discretionary and mandatory)	**$ 40,148,999**	**$ 40,445,412**

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, 2021 and 2020

Dollars in Thousands	2021	2020
Total Custodial Revenue		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	$ 7,829,493	$ 13,942,345
Fees and Licenses	108,878	80,222
Miscellaneous	660	786
Total Cash Collections	$ 7,939,031	$ 14,023,353
Accrual Adjustments	1,753	(2,049)
Total Custodial Revenue (Note 21)	$ 7,940,784	$ 14,021,304
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Government Accountability Office	—	(230)
The Judiciary	(89,232)	(69,039)
Trade and Development Agency	—	(174)
U.S. Department of Agriculture	(87,945)	(44,252)
U.S. Department of Commerce	(9,230)	(4,751)
U.S. Department of the Interior	(568,102)	(526,575)
U.S. Department of Justice	(203,482)	(125,471)
U.S. Department of Labor	(655)	(4,972)
U.S. Postal Service	(32,115)	(86,678)
U.S. Department of State	(138)	(823)
U.S. Department of the Treasury	(649,229)	(681,623)
Office of Personnel Management	(15,542)	(20,546)
Federal Communications Commission	(3,908)	(4,498)
Social Security Administration	(484)	(1,337)
Federal Trade Commission	(150,506)	(4,851,149)
U.S. Department of Veterans Affairs	(169,423)	(29,334)
Equal Employment Opportunity Commission	(4,839)	—
General Services Administration	(14,892)	(9,885)
National Science Foundation	(334)	(2,320)
Securities and Exchange Commission	—	(2)
Federal Deposit Insurance Corporation	(4)	(6)
National Endowment For the Humanities	(1)	(14)
Railroad Retirement Board	(206)	(268)
Tennessee Valley Authority	—	(13)
Environmental Protection Agency	(1,073,923)	(190,875)
U.S. Department of Transportation	(6,310)	(2,671)
U.S. Department of Homeland Security	(151,990)	(285,340)
Agency for International Development	(6,951)	(131)
Small Business Administration	(11,361)	(8,639)
U.S. Department of Health and Human Services	(1,234,546)	(2,120,038)
United States Intl Development Finance Corporation	(130)	—
National Aeronautics and Space Administration	(1,732)	(404)
Export-Import Bank of the United States	(1,142)	(1,102)
U.S. Department of Housing and Urban Development	(117,398)	(30,355)
U.S. Department of Energy	(202,757)	(45,967)
U.S. Department of Education	(10,729)	(12,331)
Commodities Futures Trading Commission	(288)	(101)
Corporation of National & Community Services	(42)	(959)
Federal Reserve Board	(4)	(3)
Treasury General Fund	(2,737,626)	(4,622,344)
U.S. Department of Defense	(136,523)	(166,633)
Transferred to the Public	(256,130)	(510,751)
(Increase)/Decrease in Amounts Yet to be Transferred	231,622	867,020
Increase/(Decrease) in Refunds Payable and Other Liabilities	(3,809)	(3,766)
Retained by the Reporting Entity	(218,748)	(421,954)
Total Disposition Of Collections	(7,940,784)	(14,021,304)
Net Custodial Activity	$ —	$ —

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The DOJ (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)

Note 1. Summary of Significant Accounting Policies (continued)

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 OMB Circular A-136, *Financial Reporting Requirements.* These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the Consolidated Balance Sheets. These include Custodial Liabilities; Accrued Grant Liabilities; 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). Additionally, Inventory and Related Property, Net have been disaggregated on the Consolidated Balance Sheets to identify Forfeited Property, Net and Other Inventory and Related Property, Net.

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 2021 and 2020, 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 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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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 to Net Outlays, 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.

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, impress 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

G. Investments (continued)

The AFF, the U.S. Trustee System Fund, the USVSST Fund (USVSST) 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, codified at 34 U.S.C. § 20144 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 DOJ 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.

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. 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 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. These categories are generally defined as follows: Raw Materials consist of materials that have been acquired and are available for the production cycle, Work-in-Process is composed of materials that have moved into the production process and have some measurable amount of labor and overhead added, and Finished Goods are materials with added labor and overhead that have completed the production cycle and are awaiting sale to customers.

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

Note 1. Summary of Significant Accounting Policies (continued)

I. Inventory and Related Property (continued)

Raw material inventory is valued at moving average costs. Inventories are valued at the lower cost or net realizable value (LCNRV) and include materials, labor, and manufacturing overhead. Net realizable value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. The Department values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. The Department has established inventory allowances to account for LCNRV adjustments and excess, obsolete, or unserviceable inventory 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 (GPP&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 GPP&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. The Federal Bureau of Prisons was granted a waiver capitalizing real property acquisition costs equal to or exceeding $100.

Depreciation or amortization of GPP&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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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 Kelley 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

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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, 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.

Accounts payable recorded under liabilities are amounts owed by DOJ for goods and services received. When DOJ accepts title to goods, whether the goods are delivered or in transit, or incurs costs for services received, DOJ recognizes a liability for the unpaid amount of the goods and services. If invoices for those goods and services are not available when the financial statements are prepared, the amounts owed are estimated. Intragovernmental accounts payable consists of amounts owed to other Federal Government agencies for goods and services received. The remaining accounts payable consist of amounts due to the public.

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. Legal actions where management and the Chief Counsel consider adverse decisions “probable” or “reasonably possible” and the amounts are reasonably estimable are disclosed in Commitments and Contingencies, 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”. Where adverse decisions are considered “probable,” the Department considers those liabilities current as claims are generally paid shorty after settlement.

P. Annual, Sick, and Other Leave

Annual and compensatory unfunded 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

P. Annual, Sick, and Other Leave (continued)

To the extent current or prior year appropriations are not available to fund annual and compensatory unfunded 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 Plan

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 17.3% of the gross pay for regular employees and 35.8% 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 15.5% of the gross pay for regular employees and 34.0% 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 15.5% of the gross pay for regular employees and 34.0% for law enforcement officers.

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

R. Retirement Plan (continued)

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 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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 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;

Note 1. Summary of Significant Accounting Policies (continued)

V. Funds from Dedicated Collections (continued)

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: Assets Forfeiture Fund, 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 Public Law 111-117, "Consolidated Appropriations Act, 2010" and Public Law 112-74. "Consolidated Appropriations Act, 2012". Per OMB guidance, OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

W. Allocation Transfer of Appropriation (continued)

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 guidance, 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 2020 financial statements were reclassified to conform to the FY 2021 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.

Specifically, the format of the Balance Sheet has changed to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136, *Financial Reporting Requirements.* This change does not affect totals for assets, liabilities, or net position and is intended to allow readers of this report to see how the amounts shown on the Balance Sheet are reflected on the Government-wide Balance Sheet, thereby supporting the preparation and audit of the Financial Report of the United States Government. The presentation of the fiscal year 2020 Balance Sheet was modified to be consistent with the fiscal year 2021 presentation.

In addition, the Department has realigned its Statement of Net Cost and Note 18, Suborganization Program Costs, to align to major programs in the Department's annual budget and/or its individual organizational mission. As such, activity and balances reported on the FY 2020 Statement of Net Cost have been reclassified to conform to the current year presentation. These reclassifications have no effect on the Net Cost of Operations, as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2021 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 FASAB standards applicable to such arrangements or transactions. For FY 2021 and 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.

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

Note 2. Non-Entity Assets

As of September 30, 2021 and 2020

	2021	2020
Intragovernmental		
Fund Balance with Treasury	$ 1,033,285	$ 1,212,780
Investments, Net	1,580,000	1,180,000
Other Assets	1,540	1,445
Total Intragovernmental	$ 2,614,825	$ 2,394,225
With the Public		
Cash and Other Monetary Assets	$ 1,310,267	$ 1,282,099
Accounts Receivable, Net	9,833	7,959
Total With the Public	1,320,100	1,290,058
Total Non-Entity Assets	3,934,925	3,684,283
Total Entity Assets	45,455,469	47,781,962
Total Assets	$ 49,390,394	$ 51,466,245

Note 3. Fund Balance with Treasury

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

As of September 30, 2021 and 2020

	2021	2020
Status of Fund Balances With Treasury		
Unobligated Balance - Available	$ 8,972,130	$ 6,833,804
Unobligated Balance - Unavailable	1,467,788	1,263,102
Obligated Balance not yet Disbursed	20,905,364	23,781,292
Non-Budgetary Fund Balance with Treasury	4,509,428	5,889,946
Budgetary Resources from Invested Balances	(1,936,039)	(3,696,276)
Total Status of Fund Balances	$ 33,918,671	$ 34,071,868

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

Note 3. Fund Balance with Treasury (continued)

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 (apportioned as Category C), and available for obligation in subsequent periods. For fiscal years ended September 30, 2021 and 2020, the amounts restricted for future use are $262,459 and $304,437 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, 2021 and 2020, the respective immaterial variances of $4,047 and $4,189 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, 2021 and 2020

	2021	2020
Cash		
Undeposited Collections	$ 11	$ 52
Imprest Funds	67,066	59,461
Seized Cash Deposited	1,192,416	1,152,074
Other	30,821	30,206
Total Cash	1,290,314	1,241,793
Other Monetary Assets		
Seized Monetary Instruments	87,019	99,765
Total Other Monetary Assets	87,019	99,765
Total Cash and Other Monetary Assets	$ 1,377,333	$ 1,341,558

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

Note 5. Investments, Net

	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value/Fair Value
As of September 30, 2021						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	$ 3,596,467	Straight-Line	$ 2,238	$ 193	$ 3,598,898	$ 3,601,241
As of September 30, 2020						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	$ 4,978,866	Straight-Line	$ 34,627	$ 425	$ 5,013,918	$ 5,020,849

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

Note 6. Accounts Receivable, Net

As of September 30, 2021 and 2020

	2021	2020
Intragovernmental		
Accounts Receivable	$ 647,014	$ 766,591
Total Intragovernmental	$ 647,014	$ 766,591
With the Public		
Accounts Receivable	$ 145,327	$ 200,187
Allowance for Uncollectible Accounts	(14,694)	(18,634)
Total With the Public	130,633	181,553
Total Accounts Receivable, Net	$ 777,647	$ 948,144

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, 2021 and 2020

	2021	2020
Inventory		
Raw Materials	$ 53,239	$ 135,292
Work in Process	11,705	26,083
Finished Goods	19,677	26,887
Inventory Purchased for Resale	19,911	21,226
Excess, Obsolete, and Unserviceable	1,956	24,356
Inventory Allowance	(5,840)	(4,486)
Operating Materials and Supplies		
Held for Current Use	17,496	22,582
Total Inventory and Related Property, Net	$ 118,144	$ 251,940

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 fiscal years ended September 30, 2021 and 2020, $176,085 and $202,380 of forfeited property were sold, $211 and $162 were destroyed or donated, $41,814 and $4,548 were returned to owners, and $213,983 and $366,843 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.

For the Fiscal Year Ended September 30, 2021

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial	Number	281	264	921	(1,230)	236	—	236
Instruments	Value	$ 12,298	$ 53,693	$ 238,431	$ (293,575)	$ 10,847	$ —	$ 10,847
Real	Number	191	3	171	(209)	156	—	156
Property	Value	$ 55,887	$ (93)	$ 87,041	$ (94,550)	$ 48,285	$ (1,802)	$ 46,483
Personal	Number	3,467	95	2,145	(1,981)	3,726	—	3,726
Property	Value	$ 39,653	$ 954	$ 29,219	$ (43,968)	$ 25,858	$ (587)	$ 25,271
Non-Valued Firearms	Number	48,687	(347)	19,019	(16,556)	50,803	—	50,803
Total	Number	52,626	15	22,256	(19,976)	54,921	—	54,921
	Value	$ 107,838	$ 54,554	$ 354,691	$ (432,093)	$ 84,990	$ (2,389)	$ 82,601

(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)

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

(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.

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 FASAB 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.

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

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

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.

Method of Disposition of Seized Property:

For the fiscal years ended September 30, 2021 and 2020, $936,825 and $1,161,749 of seized property were forfeited, $227,127 and $143,231 were returned to parties with a bona fide interest, and $12,950 and $173,185 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, 2021

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	15,984	895	13,189	(7,812)	22,256	—	22,256
	Value	$ 2,355,697	$ 61,080	$ 1,400,619	$ (1,026,121)	$ 2,791,275	$ (575,132)	$ 2,216,143
Financial Instruments	Number	891	(99)	799	(526)	1,065	—	1,065
	Value	$ 313,382	$ (48,785)	$ 263,521	$ (62,255)	$ 465,863	$ (16,776)	$ 449,087
Real Property	Number	52	(2)	34	(36)	48	—	48
	Value	$ 87,622	$ 3,993	$ 34,121	$ (34,593)	$ 91,143	$ (61,144)	$ 29,999
Personal Property	Number	5,922	670	4,727	(2,709)	8,610	—	8,610
	Value	$ 136,472	$ (9,253)	$ 81,450	$ (39,641)	$ 169,028	$ (47,560)	$ 121,468
Non-Valued Firearms	Number	34,054	3,556	21,511	(21,130)	37,991	—	37,991
Total	Number	56,903	5,020	40,260	(32,213)	69,970	—	69,970
	Value	$ 2,893,173	$ 7,035	$ 1,779,711	$ (1,162,610)	$ 3,517,309	$ (700,612)	$ 2,816,697

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

(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, 2021

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 67,142	$ (12,473)	$ 25,757	$ (12,266)	$ 68,160
Personal Property	Number	430	(18)	98	(75)	435
	Value	$ 8,434	$ (1,088)	$ 4,692	$ (2,026)	$ 10,012
Non-Valued						
Firearms	Number	72,152	(2,366)	16,427	(10,582)	75,631
Drug Evidence						
Cocaine	KG	83,455	1,068	120,661	(85,966)	119,218
Heroin	KG	8,487	109	1,324	(1,091)	8,829
Marijuana	KG	7,480	96	793	(1,029)	7,340
Bulk Drug Evidence	KG	152,984	422	135,909	(160,381)	128,934
Methamphetamine	KG	46,152	991	28,008	(11,050)	64,101
Other	KG	13,326	60	3,414	(3,023)	13,777
Total Drug Evidence	KG	311,884	2,746	290,109	(262,540)	342,199

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.

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

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2021

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 185,282	$ —	$ 185,282	N/A
Construction in Progress	749,481	—	749,481	N/A
Buildings, Improvements and Renovations	12,423,655	(7,595,459)	4,828,196	2-50 yrs
Other Structures and Facilities	1,416,843	(878,028)	538,815	10-50 yrs
Aircraft	685,898	(298,008)	387,890	5-30 yrs
Boats	16,056	(7,316)	8,740	5-25 yrs
Vehicles	439,204	(292,016)	147,188	2-25 yrs
Equipment	1,633,259	(1,089,112)	544,147	2-25 yrs
Assets Under Capital Lease	378	(376)	2	2-30 yrs
Leasehold Improvements	2,579,989	(1,742,994)	836,995	2-20 yrs
Internal Use Software	2,487,021	(2,199,738)	287,283	2-10 yrs
Internal Use Software in Development	253,232	—	253,232	N/A
Other General Property, Plant and Equipment	2,821	(368)	2,453	10-20 yrs
Total	$ 22,873,119	$ (14,103,415)	$ 8,769,704	

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	

These notes are an integral part of the financial statements.

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, 2021 and 2020

	2021	2020
Balance beginning of year	$ 8,855,461	$ 8,715,749
Capitalized acquisition	878,074	1,056,247
Dispositions	(32,558)	(7,819)
Transfers in/out without reimbursements	(144)	2,829
Revaluations	(6,399)	126
Depreciation expense	(924,730)	(911,671)
Balance at end of year	$ 8,769,704	$ 8,855,461

Note 10. Other Assets

As of September 30, 2021 and 2020

	2021	2020
Intragovernmental		
Other Intragovernmental Assets	$ 101	$ 76
Total Intragovernmental	$ 101	$ 76
With the Public		
Other Assets With the Public	$ 591	$ 3,089
Total Other Assets	$ 692	$ 3,165

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

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2021 and 2020

	2021	2020
Intragovernmental		
Accounts Payable	$ 3,942	$ 4,621
Other Liabilities		
Accrued FECA Liabilities	275,621	278,028
Other Unfunded Employment Related Liabilities	976	1,602
Total Intragovernmental	$ 280,539	$ 284,251
With the Public		
Federal Employee Benefits Payable	$ 2,796,030	$ 2,769,889
Environmental and Disposal Liabilities (Note 12)	79,614	76,951
Advances from Others and Deferred Revenue	736,897	633,448
Other Liabilities		
Contingent Liabilities (Note 16)	77,317	91,128
Radiation Exposure Compensation Act Liabilities (Note 27)	61,918	102,395
September 11th Victim Compensation Fund Liabilities (Note 27)	3,294,883	2,696,319
Other	398,978	416,830
Total With the Public	$ 7,445,637	$ 6,786,960
Total Liabilities Not Covered by Budgetary Resources	$ 7,726,176	$ 7,071,211
Total Liabilities Covered by Budgetary Resources	5,200,144	6,412,320
Total Liabilities Not Requiring Budgetary Resources	3,939,950	3,681,529
Total Liabilities	$ 16,866,270	$ 17,165,060

Federal Employee Benefits Payable primarily includes Unfunded Leave Liability and Actuarial FECA Liability. As of September 30, 2021 and 2020, the Department total Unfunded Leave Liability was $1,124,291 and $1,120,602 and the Actuarial FECA Liability was $1,678,736 and $1,653,281 respectfully.

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, 2021 and 2020

	2021	2020
Firing Ranges		
Beginning Balance, Brought Forward	$ 34,610	$ 33,580
Inflation Adjustment	342	1,030
Total Firing Range Liability	$ 34,952	$ 34,610
Asbestos		
Beginning Balance, Brought Forward	$ 42,341	$ 42,301
Abatements	—	(729)
Inflation Adjustment	2,274	722
Future Funding Expenses	47	47
Total Asbestos Liability	$ 44,662	$ 42,341
Total Environmental and Disposal Liabilities	$ 79,614	$ 76,951

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, BOP Management determined their estimated clean-up liability to be $32,307. In FY 2021, 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 $32,649, based on an inflation rate of 1.1 percent, should be recorded. In FY 2021, the liability cost for firing ranges increased by $342.

The FBI-owned ranges in Quantico, VA and El Toro, CA that contain possible contamination issues based on the Federal Financial Accounting and Auditing Technical Release No.2 and EPA-902-B-01-001. 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.

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, 2021 and 2020, 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 2021, BOP Management increased the clean-up liability in the amount of $2,273 thousand by the current U.S. inflation rate of 5.7 percent as determined by Treasury. As of September 30, 2021 and 2020, BOP Management recorded a clean-up liability in the amount of $42,140 and $39,867, respectively.

The FBI has identified FBI-owned facilities in Quantico, VA that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 70 years. The total estimated asbestos liability of $3,327 is based on an environmental survey of the facilities that may be contaminated. The current estimated asbestos cleanup liability of $2,522 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, 2021 and 2020, the FBI reported the estimated asbestos cleanup liability of $2,522 and $2,474, respectively.

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.

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, Cleveland, Jackson, Jacksonville, Louisville, Oklahoma City, and Omaha field offices and the future Nashville, which are scheduled to expire within the next five years. The FBI is relocating five field offices through FY 2026 with the potential for two additional relocations prior to FY 2026. The FBI is currently reviewing the expiration for the Buffalo, Charlotte, Indianapolis, 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.

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

Note 13. Leases (continued)

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, 2021.

As of September 30, 2021

Intragovernmental

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings
2022	$ 396,106
2023	414,801
2024	425,819
2025	417,339
2026	407,985
After 2026	3,679,066
Total Future Noncancelable Operating Lease Payments	$ 5,741,116

With The Public

Capital Leases

	2021	2020
Summary of Assets Under Capital Lease		
Machinery and Equipment	$ 378	$ 397
Accumulated Amortization	(376)	(392)
Total Assets Under Capital Lease	$ 2	$ 5

With The Public
Future Capital Lease Payments Due

Fiscal Year	Machinery and Equipment
2022	$ 3
2023	—
2024	—
2025	—
2026	—
After 2026	—
Total Future Capital Lease Payments	$ 3
Less: Executory Costs	(1)
FY 2021 Net Capital Lease Liabilities	$ 2
FY 2020 Net Capital Lease Liabilities	$ 5

These notes are an integral part of the financial statements.

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

Note 13. Leases (continued)

	2021	2020
Net Capital Lease Liabilities Covered by Budgetary Resources	$ —	$ 5

With The Public

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2022	$ 5,844	$ 4,329	$ 10,173
2023	4,517	62	4,579
2024	3,850	45	3,895
2025	2,155	12	2,167
2026	1,715	—	1,715
After 2026	2,576	—	2,576
Total Future Noncancelable Operating Lease Payments	$ 20,657	$ 4,448	$ 25,105

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, 2021 and 2020

	2021	2020
Investments	$ 1,580,000	$ 1,180,000
Seized Cash Deposited	1,192,416	1,152,074
Seized Monetary Instruments	87,019	99,765
Cash in Transit to (AFF)/SADF	(9,457)	(2,192)
Total Seized Cash and Monetary Instruments	$ 2,849,978	$ 2,429,647

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

Note 15. Other Liabilities

As of September 30, 2021 and 2020

	Current	Non-Current	**Total 2021**	Current	Non-Current	**Total 2020**
Intragovernmental						
Benefit Program Contributions Payable	$ 508,557	$ —	$ 508,557	$ 489,671	$ —	$ 489,671
Employer Contributions and Payroll Taxes Payable	50,444	—	50,444	35,588	—	35,588
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	536	—	536	535	—	535
Liability for Clearing Accounts	(647)	—	(647)	55	—	55
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	7,406	—	7,406	11,146	—	11,146
Other Liabilities	15	—	15	—	—	—
Total Intragovernmental	$ 566,311	$ —	$ 566,311	$ 536,995	$ —	$ 536,995
With the Public						
Accrued Funded Payroll and Leave	$ 689,739	$ —	$ 689,739	$ 634,168	$ —	$ 634,168
Other Liabilities without Related Budgetary Obligations	26,204	397,037	423,241	20,151	420,375	440,526
Other Liabilities with Related Budgetary Obligations	7,641	—	7,641	6,967	—	6,967
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	173,679	—	173,679	90,857	—	90,857
Liability for Clearing Accounts	1,643	—	1,643	980	—	980
Custodial Liabilities	31,390	—	31,390	34,522	—	34,522
Contingent Liabilities	77,317	—	77,317	91,128	—	91,128
Other Liabilities	(31)	—	(31)	537	—	537
Total With the Public	$1,007,582	$ 397,037	$1,404,619	$ 879,310	$ 420,375	$1,299,685
Total Other Liabilities	$1,573,893	$ 397,037	$1,970,930	$1,416,305	$ 420,375	$1,836,680

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.

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

Note 15. Other Liabilities (continued)

Most of the Other Liabilities With the Public are composed of Accrued Funded Payroll and Leave and 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, the only exception is Other Liabilities without related Budgetary Obligations associated with future funded energy savings performance contracts.

Note 16. Commitments and Contingencies

As of September 30, 2021	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	$ 77,317	$ 77,317	$ 108,247
Reasonably Possible		$ 2,395,483	$ 2,532,748

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

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

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 for the required criteria for funds from dedicated collections.

As of September 30, 2021

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet										
ASSETS										
Intragovernmental										
Fund Balance with Treasury	$ 928,529	$ 198,145	$ 111,860	$ 50,256	$9,386,578	$ 3,770	$ 168,094	$ 137,199	$ 10,984,431	$ 10,984,431
Investments, Net	1,338,959	235,750	—	167,686	—	—	—	—	1,742,395	1,742,395
Accounts Receivable, Net	7,621	42	—	—	—	—	—	9,654	17,317	17,317
Advances and Prepayments	—	—	—	—	15,506	—	195	—	15,701	15,701
Total Intragovernmental Assets	$ 2,275,109	$ 433,937	$ 111,860	$ 217,942	$9,402,084	$ 3,770	$ 168,289	$ 146,853	$ 12,759,844	$ 12,759,844
With the Public										
Accounts Receivable, net	$ 42	$ 69,733	$ 32	$ —	$ 785	$ —	$ 146	$ 729	$ 71,467	$ 71,467
Inventory and Related Property, net	82,601	—	—	—	—	—	—	19,911	102,512	102,512
General Property, Plant, and Equip.	1,224	18,418	62	—	—	—	17,675	3,348	40,727	40,727
Advances and Prepayments	—	—	—	—	2,122	—	—	20	2,142	2,142
Other Assets	1	—	—	—	—	—	—	—	1	1
Total with the Public	$ 83,868	$ 88,151	$ 94	$ —	$ 2,907	$ —	$ 17,821	$ 24,008	$ 216,849	$ 216,849
Total Assets	$ 2,358,977	$ 522,088	$ 111,954	$ 217,942	$9,404,991	$ 3,770	$ 186,110	$ 170,861	$ 12,976,693	$ 12,976,693
LIABILITIES										
Intragovernmental										
Accounts Payable	$ 101,850	$ 10,647	$ 6,998	$ 129	$ 42,432	$ —	$ 2,188	$ 352	$ 164,596	$ 164,596
Other Liabilities	804	2,355	1,278	10	—	—	4,740	3,181	12,368	12,368
Total Intragovernmental Liabilities	$ 102,654	$ 13,002	$ 8,276	$ 139	$ 42,432	$ —	$ 6,928	$ 3,533	$ 176,964	$ 176,964
With the Public										
Accounts Payable	$ 885,161	$ 816	$ 842	$ 160	$ 8,421	$ —	$ 13,785	$ 7,124	$ 916,309	$ 916,309
Federal Employee Benefits Payable	4,522	12,374	—	44	—	—	9,515	7,118	33,573	33,573
Advances and deferred revenue	82,601	—	—	—	—	—	736,897	589	820,087	820,087
Other Liabilities	(6,896)	7,027	4,643	177,442	315,396	32	10,083	2,549	510,276	510,276
Total with the Public	$ 965,388	$ 20,217	$ 5,485	$ 177,646	$ 323,817	$ 32	$ 770,280	$ 17,380	$ 2,280,245	$ 2,280,245
Total Liabilities	$ 1,068,042	$ 33,219	$ 13,761	$ 177,785	$ 366,249	$ 32	$ 777,208	$ 20,913	$ 2,457,209	$ 2,457,209
Net Position										
Unexpended Appropriations	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ 2,877
Cumulative Results of Operations	1,290,935	488,869	95,316	40,157	9,038,742	3,738	(591,098)	149,948	10,516,607	10,516,607
Total Net Position	$ 1,290,935	$ 488,869	$ 98,193	$ 40,157	$9,038,742	$ 3,738	$ (591,098)	$ 149,948	$ 10,519,484	$ 10,519,484
Total Liabilities and Net Position	$ 2,358,977	$ 522,088	$ 111,954	$ 217,942	$9,404,991	$ 3,770	$ 186,110	$ 170,861	$ 12,976,693	$ 12,976,693

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)

For the Fiscal Year Ended September 30, 2021

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
Statement of Net Cost										
Gross Program Costs	$ 1,598,734	$ 249,764	$ 162,988	$ 34,221	$2,700,443	$ 496	$ 531,814	$ 346,042	$ 5,624,502	$ 5,624,502
Less: Earned Revenues	5,289	307,933	236,648	—	—	—	446,635	411,839	1,408,344	1,408,344
Net Cost of Operations	$ 1,593,445	$ (58,169)	$ (73,660)	$ 34,221	$2,700,443	$ 496	$ 85,179	$ (65,797)	$ 4,216,158	$ 4,216,158

For the Fiscal Year Ended September 30, 2021

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ 2,877
Total Unexpended Appropriations: Ending	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ 2,877
Cumulative Results of Operations										
Beginning Balance	$ 1,458,470	$ 416,794	$ 21,656	$ 31,273	$11,409,855	$ 2,926	$ (520,681)	$ 77,614	$12,897,907	$ 12,897,907
With the Public non-exchange revenue	—	389	—	—	774,330	1,308	—	—	776,027	776,027
Intragovernmental non-exchange revenue	5,811	—	—	65	—	—	—	—	5,876	5,876
Donations and forfeitures of cash and Property	1,420,815	—	—	43,040	—	—	—	—	1,463,855	1,463,855
Transfers in/out without reimbursement	(3,410)	—	—	—	(445,000)	—	—	131	(448,279)	(448,279)
Imputed Financing	2,694	13,513	—	—	—	—	14,762	6,406	37,375	37,375
Other	—	4	—	—	—	—	—	—	4	4
Net cost of operations	(1,593,445)	58,169	73,660	(34,221)	(2,700,443)	(496)	(85,179)	65,797	(4,216,158)	(4,216,158)
Net Change in Cumulative Results of Operations	(167,535)	72,075	73,660	8,884	(2,371,113)	812	(70,417)	72,334	(2,381,300)	(2,381,300)
Cumulative Results of Operations: Ending	$ 1,290,935	$ 488,869	$ 95,316	$ 40,157	$9,038,742	$ 3,738	$ (591,098)	$ 149,948	$10,516,607	$ 10,516,607
Net Position End of Period	$ 1,290,935	$ 488,869	$ 98,193	$ 40,157	$9,038,742	$ 3,738	$ (591,098)	$ 149,948	$10,519,484	$ 10,519,484

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 VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
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	$ 12,375,673
Investments, Net	3,222,946	157,293	—	167,631	—	—	—	—	3,547,870	3,547,870
Accounts Receivable, Net	19,428	11	2	—	—	—	—	—	19,441	19,441
Advances and prepayments	—	—	—	—	58,147	—	94	—	58,241	58,241
Total Intragovernmental Assets	$ 3,541,461	$ 311,352	$ 41,144	$ 179,121	$ 11,700,990	$ 2,943	$ 145,747	$ 78,467	$ 16,001,225	$ 16,001,225
With the Public										
Accounts Receivable, Net	$ 36	$ 128,109	$ —	$ —	$ —	$ —	$ 63	$ 7,630	$ 135,838	$ 135,838
Inventory and Related Property, Net	106,008	—	—	—	—	—	—	21,226	127,234	127,234
General Property, Plant and Equip.	1,350	10,683	200	—	—	—	16,174	3,667	32,074	32,074
Advances and Prepayments	495	—	—	—	2,412	—	—	73	2,980	2,980
Other Assets	1	—	—	—	—	—	—	—	1	1
Total Assets with the Public	$ 107,890	$ 138,792	$ 200	$ —	$ 2,412	$ —	$ 16,237	$ 32,596	$ 298,127	$ 298,127
Total Assets	$ 3,649,351	$ 450,144	$ 41,344	$ 179,121	$ 11,703,402	$ 2,943	$ 161,984	$ 111,063	$ 16,299,352	$ 16,299,352
LIABILITIES										
Intragovernmental										
Accounts Payable	$ 106,704	$ 12,230	$ 8,451	$ 125	$ 16,365	$ —	$ 3,428	$ (2,200)	$ 145,103	$ 145,103
Other Liabilities	646	2,027	1,141	10	—	—	3,956	2,980	10,760	10,760
Total Intragovernmental Liabilities	$ 107,350	$ 14,257	$ 9,592	$ 135	$ 16,365	$ —	$ 7,384	$ 780	$ 155,863	$ 155,863
With the Public										
Accounts Payable	$ 1,973,343	$ 865	$ 2,934	$ 1,438	$ 4,717	$ —	$ 11,213	$ 22,509	$ 2,017,019	$ 2,017,019
Federal Employee Benefits Payable	4,304	11,955	—	37	—	—	20,976	7,189	44,461	44,461
Advances and deferred revenue	106,008	—	—	—	—	—	633,448	667	740,123	740,123
Other Liabilities	(124)	6,271	4,286	146,239	272,465	17	9,644	2,304	441,102	441,102
Total with the Public	$ 2,083,531	$ 19,091	$ 7,220	$ 147,714	$ 277,182	$ 17	$ 675,281	$ 32,669	$ 3,242,705	$ 3,242,705
Total Liabilities	$ 2,190,881	$ 33,348	$ 16,812	$ 147,849	$ 293,547	$ 17	$ 682,665	$ 33,449	$ 3,398,568	$ 3,398,568
Net Position										
Unexpended Appropriations	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ —	$ —	$ 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	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	$ 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	$ 16,299,352

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

Note 17. Funds from Dedicated Collections (continued)

For the Fiscal Year Ended September 30, 2020

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
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	$ 5,737,687
Less: Earned Revenues	14,296	362,972	101,613	72	—	—	418,840	328,579	1,226,372	1,226,372
Net Program Costs	$ 1,796,687	$ (121,855)	$ 61,405	$ 49,615	$2,607,442	$ 182	$ 105,599	$ 12,240	$ 4,511,315	$ 4,511,315

For the Fiscal Year Ended September 30, 2020

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSST	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Account	Total Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	$ —	$ 53,764	$ —	$ —	$ —	$ —	$ —	$ —	$ 53,764	$ 53,764
Beginning Balance, as adjusted	—	53,764	—	—	—	—	—	—	53,764	53,764
Appropriations Received	—	—	65,182	—	—	—	—	—	65,182	65,182
Appropriations Used	—	(53,764)	(62,305)	—	—	—	—	—	(116,069)	(116,069)
Total Unexpended Appropriations	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ 2,877
Cumulative Results of Operations										
Beginning Balance	$ 1,505,505	$ 233,059	$ 20,790	$ 20,543	$13,959,315	$ 2,167	$ (426,699)	$ 84,501	$15,399,181	$ 15,399,181
Appropriations Used	—	53,763	62,306	—	—	—	—	—	116,069	116,069
With the Public non-exchange revenue	—	248	—	—	502,982	941	—	—	504,171	504,171
Intragovernmental non-exchange revenue	68,519	1,949	—	8,257	—	—	—	—	78,725	78,725
Donations and forfeitures of cash and Property	1,693,660	—	—	52,087	—	—	—	—	1,745,747	1,745,747
Transfers in/out without reimbursement	(14,780)	(71)	(35)	—	(445,000)	—	—	—	(459,886)	(459,886)
Imputed Financing	2,253	11,734	—	—	—	—	11,617	5,353	30,957	30,957
Other	—	(5,741)	(2)	1	—	—	—	—	(5,742)	(5,742)
Net cost of operations	(1,796,687)	121,855	(61,405)	(49,615)	(2,607,442)	(182)	(105,599)	(12,240)	(4,511,315)	(4,511,315)
Net Change in Cumulative Results of Operations	(47,035)	183,737	864	10,730	(2,549,460)	759	(93,982)	(6,887)	(2,501,274)	(2,501,274)
Cumulative Results of Operations: Ending	$ 1,458,470	$ 416,796	$ 21,654	$ 31,273	$11,409,855	$ 2,926	$ (520,681)	$ 77,614	$12,897,907	$ 12,897,907
Net Position End of Period	$ 1,458,470	$ 416,796	$ 24,531	$ 31,273	$11,409,855	$ 2,926	$ (520,681)	$ 77,614	$12,900,784	$ 12,900,784

These notes are an integral part of the financial statements.

Note 17. Funds from Dedicated Collections (continued)

The Comprehensive Crime Control Act of 1984 (Public Law 98-473) 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 USVSST Act 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 USVSST had multiple funding sources and the Department had the discretion to report the USVSST program as either Funds from Dedicated Collections or All Other Funds. In FYs 2021 and 2020, the program has been funded solely by revenue collected from Non-federal sources.

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 USVSST activity as Funds from Dedicated Collections.

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, 2021

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	$ 1,598,734	$ 1,544,974	$ —	$ 3,043,003	$ 11,440,423	$ —	$ 529,211	$ —	$ 2,117,541	$ (828,684)	$ 19,445,202
Less: Earned Revenues	5,289	59,943	—	477,665	949,014	—	23	—	59,133	(828,684)	722,383
Net Cost of Operations	$ 1,593,445	$ 1,485,031	$ —	$ 2,565,338	$ 10,491,409	$ —	$ 529,188	$ —	$ 2,058,408	$ —	$ 18,722,819
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,627,858	$ —	$ —	$ (40,973)	$ 6,586,885
Less: Earned Revenues	—	—	—	—	—	—	440,433	—	—	(40,973)	399,460
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,187,425	$ —	$ —	$ —	$ 6,187,425
Major Program 3: Prisons and Detention											
Gross Cost	$ —	$ —	$ 8,521,928	$ —	$ —	$ 660,765	$ 11,101	$ —	$ 2,187,721	$ (333,743)	$ 11,047,772
Less: Earned Revenues	—	—	323,039	—	—	642,475	—	—	164	(317,189)	648,489
Net Cost of Operations	$ —	$ —	$ 8,198,889	$ —	$ —	$ 18,290	$ 11,101	$ —	$ 2,187,557	$ (16,554)	$ 10,399,283
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 631,051	$ 4,686,021	$ —	$ (16,187)	$ 5,300,885
Less: Earned Revenues	—	—	—	—	—	—	(609)	37,075	—	(16,187)	20,279
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 631,660	$ 4,648,946	$ —	$ —	$ 5,280,606
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,131,262	$ —	$ —	$ (47,809)	$ 2,083,453
Less: Earned Revenues	—	—	—	—	—	—	1,211,308	—	—	(47,809)	1,163,499
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 919,954	$ —	$ —	$ —	$ 919,954
Net Cost of Operations	$ 1,593,445	$ 1,485,031	$ 8,198,889	$ 2,565,338	$ 10,491,409	$ 18,290	$ 8,279,328	$ 4,648,946	$ 4,245,965	$ (16,554)	$ 41,510,087

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

Note 18. Suborganization Program Costs (continued)

For the Fiscal Year Ended September 30, 2020

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	$ 1,810,983	$ 1,476,854	$ —	$ 2,892,584	$ 10,998,989	$ —	$ 542,936	$ —	$ 2,003,609	$ (770,910)	$ 18,955,045
Less: Earned Revenues	14,296	67,863	—	444,820	867,901	—	(175)	—	47,638	(770,910)	671,433
Net Cost of Operations	$ 1,796,687	$ 1,408,991	$ —	$ 2,447,764	$ 10,131,088	$ —	$ 543,111	$ —	$ 1,955,971	$ —	$ 18,283,612
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,452,004	$ —	$ —	$ (38,247)	$ 4,413,757
Less: Earned Revenues	—	—	—	—	—	—	409,925	—	—	(38,247)	371,678
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,042,079	$ —	$ —	$ —	$ 4,042,079
Major Program 3: Prison and Detention											
Gross Cost	$ —	$ —	$ 8,399,367	$ —	$ —	$ 591,570	$ 11,367	$ —	$ 1,954,637	$ (302,700)	$ 10,654,241
Less: Earned Revenues	—	—	353,314	—	—	565,726	(38)	—	207	(285,609)	633,600
Net Cost of Operations	$ —	$ —	$ 8,046,053	$ —	$ —	$ 25,844	$ 11,405	$ —	$ 1,954,430	$ (17,091)	$ 10,020,641
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 611,375	$ 4,463,983	$ —	$ (16,165)	$ 5,059,193
Less: Earned Revenue	—	—	—	—	—	—	10,390	42,811	—	(16,165)	37,036
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 600,985	$ 4,421,172	$ —	$ —	$ 5,022,157
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,087,112	$ —	$ —	$ (28,250)	$ 2,058,862
Less: Earned Revenues	—	—	—	—	—	—	1,453,470	—	—	(28,250)	1,425,220
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 633,642	$ —	$ —	$ —	$ 633,642
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

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

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*, FASAB 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 unreimbursed payments made from the Treasury Judgment Fund on behalf of the Department.

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	42.1%
	Regular Employees Offset	31.2%
	Law Enforcement Officers	68.2%
	Law Enforcement Officers Offset	57.8%
Federal Employees Retirement System (FERS)	Regular Employees	18.5%
	Regular Employees - Revised Annuity Employees (RAE)	19.0%
	Regular Employees - Further Revised Annuity Employees (FRAE)	19.2%
	Law Enforcement Officers	38.2%
	Law Enforcement Officers - RAE	38.8%
	Law Enforcement Officers - FRAE	38.9%

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 Years Ended September 30, 2021 and 2020

	2021	2020
Imputed Inter-Departmental Financing		
U.S. Treasury Judgement Fund	$ 41,278	$ 33,895
Health Insurance	854,355	777,993
Life Insurance	2,383	2,327
Pension	82,769	5,273
Total Imputed Inter-Departmental	$ 980,785	$ 819,488

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 fiscal years ended September 30, 2021 and 2020, the FPI imputed costs were $16,554 and $17,091 respectively.

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, 2021 and 2020

	2021	2020
Unobligated balance brought forward from prior year	$ 8,096,906	$ 10,623,240
Adjustments to Budgetary Resources made during current year		
Downward Adjustments of prior year undelivered orders	1,017,904	1,139,247
Downward adjustments of prior year delivered orders	116,839	94,813
Other Adjustments	(18,896)	(2,969)
Total Adjustments	$ 1,115,847	$ 1,231,091
Unobligated balance brought forward from prior year budget authority, net (discretionary and mandatory)	$ 9,212,753	$ 11,854,331

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:

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. In FY 2021, DOJ discovered an immaterial reporting error in the prior year of the table below. The FY 2020 presentation has been adjusted accordingly to reflect a $6.8 billion increase to Total UDO.

As of September 30, 2021 and 2020

	2021	2020
Intragovernmental		
UDO Obligations Unpaid	$ 1,772,016	$ 1,729,979
UDO Obligations Prepaid/Advanced	258,395	261,176
Total Intragovernmental	2,030,411	1,991,155
With The Public		
UDO Obligations Unpaid	15,692,421	17,817,912
UDO Obligations Prepaid/Advanced	574,539	696,469
Total With the Public	16,266,960	18,514,381
Total UDO	$ 18,297,371	$ 20,505,536

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", Public Law 101-426), 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 DOJ 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, the RECA Amendments of 2000 ("the 2000 Amendments", Public Law 106-245) were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (Public Law 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.

Note 20. Information Related to the Statement of Budgetary Resources (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", 42 United States Code§ 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 (Public Law 108-182), 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 DOJ 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, 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 Act ("VCF Permanent Authorization Act", Public Law 116-34). The VCF 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, 2020 is presented below. The reconciliation as of September 30, 2021 is not presented, because the submission of the Budget of the United States (Budget) for FY 2023, which presents the execution of the FY 2021 Budget, occurs after publication of these financial statements. The DOJ Budget Appendix can be found on the OMB website President's Budget | The White House and will be published at a later date in 2022.

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

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	$ 56,079	$ 47,982	$ 918	$ 40,445
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, OJP, & USMS	(1,098)	(178)	—	—
USMS Court Security Funds	(597)	(547)	—	(493)
Distributed Offsetting Receipts	—	—	2	87
Special and Trust Fund Receipts	—	—	—	831
Other	(9)	(4)	—	4
Budget of the United States Government	$ 54,375	$ 47,253	$ 920	$ 40,874

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 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, and inmate's funds whose whereabouts are unknown. 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, 2021 and 2020, the Department reported total custodial revenue on the SCA in the amounts of $7,940,784 and $14,021,304 respectively. The custodial revenue represented $7,939,031 and $14,022,834 in custodial collections and $1,753 and $(2,049) 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, 2021 and 2020 the assets and liabilities related to custodial activities were $869,640 and $1,101,277. As of September 30, 2021 and 2020, the total funds returned to the Treasury General Fund were $(2,737,626) and $(4,622,344), respectively.

The table below shows collection activity by revenue type.

For the Fiscal Years Ended September 30, 2021 and 2020

Custodial Non-Exchange Revenues	2021 Current Year Collections	2020 Current Year Collections
Excise Taxes	$ 93,878	$ 65,253
Fines, Penalties, Interest and Other Revenue	7,845,153	13,957,581
Subtotal	7,939,031	14,022,834
Less: Amount Collected for Non-Federal Agencies	256,130	510,751
Total Amount of Federal Revenue Collected	$ 7,682,901	$ 13,512,083
Refunds/Payments		
Excise Taxes	$ 3,809	$ 2,895
Total Amount of Refunds	$ 3,809	$ 2,895

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

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 incurring 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, 2021

	Intra-governmental	With the Public	Total FY 2021
NET COST	$ 8,546,998	$ 32,963,089	$ 41,510,087
Components of Net Cost That Are Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation	$ —	$ (924,730)	$ (924,730)
Property, plant, and equipment disposal and revaluation	—	(44,741)	(44,741)
Costs of goods sold	—	(200,904)	(200,904)
Inventory disposals and revaluation	—	(3,640)	(3,640)
Applied overhead /costs capitalization offset	—	132,974	132,974
Other	—	(162,689)	(162,689)
Increase/(decrease) in assets			
Accounts Receivable, net	(152,162)	(56,807)	(208,969)
Securities and investments	(1,117)	—	(1,117)
Other Assets	48,237	(114,768)	(66,531)
(Increase)/decrease in liabilities			
Accounts Payable	107,892	980,354	1,088,246
Environmental and disposal liabilities	—	(2,663)	(2,663)
Federal employees and benefits payable	—	(32,280)	(32,280)
Other Liabilities	32,413	(591,470)	(559,057)
Financing Sources			
Imputed Costs	(980,785)	—	(980,785)
Total Components of Net Operating Costs Not Part of the Budgetary Outlays:	$ (945,522)	$ (1,021,364)	$ (1,966,886)
Component of Budgetary Outlays That Are Not Part of Net Operating Costs:			
Acquisition of capital assets	$ 136,167	$ 658,783	$ 794,950
Acquisition of inventory	—	91,651	91,651
Acquisition of other assets	—	85,518	85,518
Financing Sources			
Donated Revenue	—	(5)	(5)
Transfers out (in) without reimbursements	(235,457)	—	(235,457)
Total Component of the Budget Outlays That Are Not Part of Net Operating Costs	$ (99,290)	$ 835,947	$ 736,657
Misc Items			
Distributed Offsetting Receipts	$ (110,040)	$ 538,507	$ 428,467
Custodial/Non-exchange revenue	(30)	1,097	1,067
Other temporary timing differences	(1,140)	(559,253)	(560,393)
Total Other Reconciling items	$ (111,210)	$ (19,649)	$ (130,859)
Total Net Outlays	$ 7,390,976	$ 32,758,023	$ 40,148,999
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, Net			$ 40,148,999

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 the Budgetary Outlays:			
Property, Plant, and equipment depreciation	$ —	$ (911,671)	$ (911,671)
Property, plant, and equipment disposal and revaluation	—	(17,282)	(17,282)
Cost of goods sold	—	(180,120)	(180,120)
Applied overhead/costs capitalization offset	—	185,510	185,510
Other	—	(151,474)	(151,474)
Increase/(decrease) in assets			
Accounts Receivable, net	(77,891)	15,371	(62,520)
Securities and investments	1,005	—	1,005
Other Assets	9,661	380,292	389,953
(Increase)/decrease in liabilities			
Accounts Payable	152,564	609,365	761,929
Environmental and disposal liabilities	—	(1,071)	(1,071)
Federal employees and benefits payable	(57)	(10,840)	(10,897)
Other Liabilities	(78,741)	2,431,525	2,352,784
Financing sources			
Imputed Costs	(819,490)	—	(819,490)
Total Components of Net Operating Costs Not Part of the Budgetary Outlays:	$ (812,949)	$ 2,349,605	$ 1,536,656
Component of Budgetary Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	$ 121,311	$ 684,365	$ 805,676
Acquisition of inventory	—	289,020	289,020
Acquisition of other assets	52,265	128,446	180,711
Financing sources			
Transfers out (in) without reimbursements	(220,428)	—	(220,428)
Total Component of the Budgetary Outlays That Are Not Part of Net Operating Cost	$ (46,852)	$ 1,101,831	$ 1,054,979
Misc Items			
Distributed offsetting receipts	$ (89,581)	$ 353,856	$ 264,275
Custodial/Non-exchange revenue	431	8,966	9,397
Other temporary timing differences	(162)	(421,864)	(422,026)
Total Other Reconciling items	$ (89,312)	$ (59,042)	$ (148,354)
Total Net Outlays	$ 6,906,290	$ 33,539,122	$ 40,445,412
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, Net			$ 40,445,412

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, “Other Liabilities” 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, 2021 and 2020

Public Private Partnerships

FY 2021	Actual Amount Paid	Estimated Amount to be paid
ESPCs	$ 38,062	$ 682,735
Estimated Total	$ 38,062	$ 682,735

FY 2020	Actual Amount Paid	Estimated Amount to be paid
ESPCs	$ 90,597	$ 724,190
Estimated Total	$ 90,597	$ 724,190

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

Note 24. COVID-19 Activity

For FY 2021 and FY 2020, the Department received $604 million and $1 billion funding from the Consolidated Appropriations Act, 2021 and the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 respectively, to prevent, prepare for, or respond to COVID-19. Specifically, in FY 2021, the BOP received $300 million for personal protective equipment (PPE), cleaning supplies, paper products, outside medical expenses, box meals, Residential Reentry Center expenses (Home Confinement for at-risk inmates), cost of providing free phone calls to inmates during COVID-19 pandemic, overtime expenses for sites on modified operation, funeral arrangements (due to COVID) and hiring of additional Epidemiologist. The USMS's Federal Prisoner Detention received $125 million to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for necessary expenses related to United States prisoners in the custody of the USMS. The FBI received $179 million to use in support of the necessary improvements to the National Instant Criminal Background Check System, and to offset the loss of fee revenue due to COVID-19 pandemic.

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, 2021 and 2020

	2021	2020
Budgetary Activities		
Unobligated Balance Carried Forward	$ 6,547	$ —
Adjustments to Budgetary Resources made during the year		
Downward Adjustments of prior year undelivered orders	1,087	—
Downward Adjustments of prior year delivered orders	38	—
Other Adjustments	(1,080)	—
Unobligated balance from Prior Year budget authority, net	$ 6,592	$ —
Supplemental/Annual Appropriated Funds Received	604,000	1,007,000
Other COVID-19 Budgetary Resources	3,148	229,313
Total Budgetary Resources	607,148	1,236,313
Less: Obligations Incurred	473,641	1,229,766
Unobligated Balance - End of Year	$ 140,099	$ 6,547

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

Note 25. Subsequent Events

On October 28, 2021, the Department announced it had reached, through mediation, an agreement in principle to settle the civil case arising out of the June 2015 Mother Emanuel AME Church mass shooting in Charleston, South Carolina. The FBI is named as the primary defendant in that case, and has maintained record of this contingent liability, with a probable likelihood of loss, as of September 30, 2021. Under applicable law, the court must approve the settlements for the 14 plaintiffs, and all parties expect that the court will agree that these settlements are fair and reasonable. Once approved, the individual settlements—which range from $5 million to $7.5 million per claimant—are expected to be paid out of the Treasury Judgement Fund.

Note 26. Reclassification of the 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 USSGL account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a 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 DOJ financial statements and the DOJ reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

FY 2021 Department of Justice Statement of Net Cost		Line Items Used to Prepare FY 2021 Government-wide Statement of Net Cost				
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Gross Costs						*Non-Federal Costs*
	$ 34,777,418	$ 4,780,123	$ 29,997,295	$ -	$ 34,777,418	Non-Federal Gross Cost
	$ 34,777,418	**$ 4,780,123**	**$ 29,997,295**	**$ -**	**$ 34,777,418**	**Total Non-Federal Costs**
	$ 9,686,779					**Intragovernmental Costs**
		168,895	4,418,438	-	4,587,333	Benefit Program Costs
		37,376	959,963	(16,554)	980,785	Imputed Costs
		624,099	4,073,124	(1,250,841)	3,446,382	Buy/Sell Costs
		-	136,167	-	136,167	Purchase of Assets
		-	7	-	7	Borrowing and Other Interest Expense
		14,010	658,262	-	672,272	Other Expenses (w/o Reciprocals)
		-	(136,167)		(136,167)	Purchase of Assets Offset
	$ 9,686,779	**$ 844,380**	**$ 10,109,794**	**$ (1,267,395)**	**$ 9,686,779**	**Total Intragovernmental Costs**
Total Gross Costs	**$ 44,464,197**	**$ 5,624,503**	**$ 40,107,089**	**$ (1,267,395)**	**$ 44,464,197**	**Total Reclassified Gross Costs**
Earned Revenue	$ 1,814,329	$ 1,296,393	$ 517,936	$ -	$ 1,814,329	Non-Federal Earned Revenue
	$ 1,814,329	**$ 1,296,393**	**$ 517,936**	**$ -**	**$ 1,814,329**	**Total Non-Federal Earned Revenue**
	1,139,781					**Intragovernmental Revenue**
		111,920	2,276,656	(1,250,841)	1,137,735	Buy/Sell Revenue
						Benefit Program Revenue
		30	2,016	-	2,046	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
	1,139,781	**111,950**	**2,278,672**	**(1,250,841)**	**1,139,781**	**Total Intragovernmental Earned Revenue**
Total Earned Revenue	**$ 2,954,110**	**$ 1,408,343**	**$ 2,796,608**	**$ (1,250,841)**	**$ 2,954,110**	**Total Reclassified Earned Revenue**
Net Cost	**$ 41,510,087**	**$ 4,216,160**	**$ 37,310,481**	**$ (16,554)**	**$ 41,510,087**	**Net Cost**
Exchange Statement of Custodial Activity						
Exchange Custodial Collections from SCA	$ 15,002	$ -	$ 15,002	$ -	$ 15,002	Non-Federal Earned Revenue
Total Exchange Custodial Collections	**$ 15,002**	**$ -**	**$ 15,002**	**$ -**	**$ 15,002**	Total Reclassified Exchange Custodial Collections
Disposition of Exchange Custodial Collections from SCA	(15,002)	-	(15,002)	-	(15,002)	Custodial Collections for Others Transferred to the General Fund
Total Disposition of Exchange Custodial Collections	**$ (15,002)**	**-**	**$ (15,002)**	**$ -**	**(15,002)**	**Total Reclassified Disposition of Custodial Collections**

FY 2021 Department of Justice SCNP		Line Items Used to Prepare FY 2021 Government-wide SCNP				
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Unexpended Appropriations, Beginning Balance	$ 16,621,923	$ 2,877	$ 16,619,046	$ -	$ 16,621,923	Unexpended Appropriations, Beginning Balance
Appropriations Received	36,047,475	-	36,047,475	-	36,047,475	Appropriations Received
Other Adjustments	(248,215)	-	(248,215)	-	(248,215)	Other Adjustments
Appropriations Transferred In/Out	966,479	-	966,479	-	966,479	Appropriations Transferred In/Out
Appropriations Used	(35,495,072)	-	(35,495,072)	-	(35,495,072)	Appropriations Used
Total Unexpended Appropriations: Ending	**$ 17,892,590**	**$ 2,877**	**$ 17,889,713**	**$ -**	**$ 17,892,590**	**Total Unexpended Appropriations**
Cumulative Results of Operations, Beginning Balance						
Cumulative Results of Operations Beginning Balance	$ 17,679,262	$ 12,897,907	$ 4,781,355	$ -	$ 17,679,262	Cumulative Results, Beginning Balance, as adjusted
Changes in Accounting Principles	10,065	-	10,065	-	10,065	Changes in Accounting Principles
Other Adjustments	(6)	-	(6)	-	(6)	Other Adjustments
Nonexchange Revenues	782,022			-		*Non-Federal Non-Exchange Revenues*
		775,763	119	-	775,882	Other taxes and receipts
		775,763	119	-	775,882	***Total Non-Federal Non-Exchange Revenues***
				-		*Federal Non-Exchange Revenue*
		6,140	-	-	6,140	Federal securities interest revenue including associated gains and losses (non-exchange)
		6,140	-	-	6,140	***Total Federal Non-Exchange Revenue***
Total Non-Exchange Revenues	**$ 782,022**	**$ 781,903**	**$ 119**	**$ -**	**$ 782,022**	**Total Non-Exchange Revenues**
Appropriations Used	35,495,072	-	35,495,072	-	35,495,072	Appropriations Expended
Donations and Forfeitures of Property	393,144	393,144	-	-	393,144	Other taxes and receipts
Transfers In/Out without Reimbursement	(257,965)	(448,279)	190,314	-	(257,965)	Transfers In/Out w/o Reimbursement-Budgetary
Other	(11,467)	(5,396)	(22,290)	-	(27,686)	Other
		5,400	10,819	-	16,219	Miscellanenous Earned Revenue
Donations and Forfeitures of Cash and Cash Equivalents	1,070,709	1,070,711	(2)	-	1,070,709	Other taxes and receipts
Imputed Financing	980,785	37,375	959,964	(16,554)	980,785	Imputed Financing Sources
Total Financing Sources	56,141,621	14,732,765	41,425,410	(16,554)	56,141,621	Total Financing Sources
Net Cost of Operations	(41,510,087)	(4,216,158)	(37,310,483)	16,554	(41,510,087)	Net Cost of Operations
Ending Balance – Cumulative Results of Operations	**$ 14,631,534**	**$ 10,516,607**	**$ 4,114,927**	**-**	**$ 14,631,534**	**Cumulative Results of Operations**
Total Net Position	**$ 32,524,124**	**$ 10,519,484**	**$ 22,004,640**	**$ -**	**$ 32,524,124**	**Net Position**
Non-Exchange Statement of Custodial Activity						
Non-Exchange Custodial Collections from the SCA	$ 7,925,782	$ -	$ 7,925,782	$ -	$ 7,925,782	Miscellaneous Taxes and Receipts
Total Non-Exchange Custodial Collections	$ 7,925,782	$ -	$ 7,925,782	$ -	$ 7,925,782	Net Custodial Revenue
Disposition of Non-Exchange Custodial Collections from the SCA	(7,925,782)	-	(4,956,093)	-	(4,956,093)	Custodial Collections Transferred to a TAS Other than the General Fund
		-	(2,722,624)	-	(2,722,624)	Non-Entity Custodial Collections Transferred to the General Fund
		-	231,622	-	231,622	Accrual for Custodial Collections Yet to be Transferred to a TAS other than the General Fund
		-	(474,878)	-	(474,878)	Other Cash Collections
		-	(3,809)	-	(3,809)	Less Refunds and Other Payments
Total Disposition of Non-Exchange Custodial Collections	**$ (7,925,782)**	**$ -**	**$ (7,925,782)**	**$ -**	**$ (7,925,782)**	**Total Distribution of Collections**

These notes are an integral part of the financial statements.

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 Combined**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Gross Costs						*Non-Federal Costs*
	$ 32,038,020	$ 4,948,551	$ 27,089,469	$ -	$ 32,038,020	Non-Federal Gross Costs
	32,038,020	**4,948,551**	**27,089,469**	**-**	**32,038,020**	**Total Non-Federal Costs**
	9,103,078					**Intragovernmental Costs**
		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 Costs
		-	173,576	-	173,576	Purchase of Other Assets
		-	71	-	71	Borrowing and Other Interest Expense
		-	(173,576)	-	(173,576)	Purchase of Other Assets - Offset
		17,618	669,179	-	686,797	Other Expenses (without reciprocals)
	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**
Earned Revenue	1,891,291	1,211,130	680,161	-	1,891,291	Non-Federal Earned Revenue
	1,247,676					**Intragovernmental Revenue**
		14,336	2,367,562	(1,139,180)	1,242,718	Buy/Sell Revenue (Exchange)
		906	4,052	-	4,958	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
	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**	Non-Federal Earned Revenue
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)	Custodial Collections for Others Transferred to the General Fund
Total Disposition of Exchange Custodial Collections	**$ (15,519)**	$ -	**$ (15,519)**	$ -	**$ (15,519)**	**Total Reclassified Disposition of Custodial Collections**

These notes are an integral part of the financial statements.

FY 2020 Department of Justice SCNP		Line Items Used to Prepare FY 2020 Government-wide SCNP				
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**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
Appropriations Transferred In/Out	948,064	-	948,064	-	948,064	Appropriations Transferred In/Out
Other Adjustments	(216,466)	-	(216,466)	-	(216,466)	Appropriations received as adjusted (rescissions and other adjustments)
Appropriations Used	(33,969,319)	(116,069)	(33,853,250)	-	(33,969,319)	Appropriations Used
Total Unexpended Appropriations	**$ 16,621,923**	**$ 2,877**	**$ 16,619,046**	**$ -**	**$ 16,621,923**	**Total Unexpended Appropriations**
CUMULATIVE Results of Operations						
Cumulative Results, Beginning Balance	$ 18,658,177	$ 15,399,181	$ 3,258,996	$ -	$ 18,658,177	Cumulative Results, Beginning Balance, as adjusted
Other Adjustments	(141)	-	(141)	-	(141)	Other Adjustments
Non-Exchange Revenues	583,068					*Non-Federal Non-Exchange Revenues*
		504,170	172	-	504,342	Other taxes and receipts
		504,170	172	-	504,342	***Total Non-Federal Non-Exchange Revenues***
						Federal Non-Exchange Revenue
		-	-	-	-	**Total Non-Federal Non-Exchange Revenues**
		78,726	-	-	78,726	Federal securities interest revenue including associated gains and losses (non-exchange)
		78,726	-	-	78,726	***Total Federal Non-Exchange Revenue***
Total Non-Exchange Revenues	**$ 583,068**	**$ 582,896**	**$ 172**	**$ -**	**$ 583,068**	**Total Non-Exchange Revenues**
Appropriations Expended	$ 33,969,319	$ 116,069	$ 33,853,250	$ -	$ 33,969,320	Appropriations Expended
Donations and Forfeitures of Property	565,757	565,757	-	-	565,757	Other taxes and receipts
Transfers In/Out w/o Reimbursement – Budgetary	(79,546)	(459,886)	380,340	-	(79,546)	Transfers In/Out w/o Reimbursement – Budgetary
Other	(14,725)	(5,742)	(8,983)	-	(14,725)	Other
Donations and Forfeitures of Cash and Cash Equivalents	1,179,995	1,179,989	5	-	1,179,994	Other taxes and receipts
Imputed Financing	819,489	30,957	805,623	(17,091)	819,489	Imputed Financing
Total Financing Sources	55,681,393	17,409,222	38,289,262	(17,091)	55,681,393	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
Ending Balance – Cumulative Results of Operations	**$ 17,679,262**	**$ 12,897,907**	**$ 4,781,355**	**$ -**	**$ 17,679,262**	**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	Miscellaneous Taxes and Receipts
Total Non-Exchange Custodial Collections	$ 14,005,785	$ -	$ 14,005,785	$ -	$ 14,005,785	Net Custodial Revenue
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 Distribution of Collections**

These notes are an integral part of the financial statements.

Note 27. Compensation Funds

The Department's compensation funds are classified as Other Liabilities, however OMB Circular A-136 allows agencies to disaggregate a required line title into two or more entity-specific line titles. DOJ elected to present the below compensation funds as separate line items on the balance sheet. In doing so, compensation funds are not presented in Note 15 - Other Liabilities. To comply with SFFAS No. 1, *Accounting for Selected Assets and Liabilities,* DOJ considers compensation fund liabilities as current liabilities.

Radiation Exposure Compensation Act

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act", Public Law 101-426), 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 RECA Amendments of 2000 (Public Law 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 rule-makings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rule-makings. 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 $61,918 and $102,395 for estimated future benefits payable by the Department as of September 30, 2021 and 2020, respectively, from FY 2021 through FY 2023. The estimated liability is based on activity between FYs 2007-2011 and FYs 2015-2020. 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.

Note 27. Compensation Funds (continued)

The deadline to file new claims under RECA is July 11, 2022; The Radiation Exposure Compensation Act Trust Fund terminates on that same date. After a claim is received, the RECA Program has one year to adjudicate it. Therefore, the Department estimates that final payments will be made in FY 2023. Currently, there is a pending legislation in Congress - H.R. 5338: *Radiation Exposure Compensation Act Amendments of 2021*, to expand and extend the program for another 19 years to 2040.

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 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 $3.295 billion and $3.023 billion for estimated future benefits payable by the Department as of September 30, 2021 and 2020. In accordance with SFFAS No. 5, the September 30, 2021 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, 2021. The VCF records an obligation and disburses the claim, only when both the claimant and the special master have final agreement of the claim settlement amount.

The Department recognizes there are uncertainties that will influence future claims submitted beyond those submitted by September 30, 2021 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 September 11th-related illness.
- Determining the future cancer incidence rates in the affected population.
- Future conditions approved by The World Trade Center (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.

Note 27. Compensation Funds (continued)

- 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.

United States Victims of State Sponsored Terrorism Fund
The USVSST Act established the 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, 2021 and 2020, the USVSST Fund recognized liabilities for future claims amounted to $177.4 million and $146.2 million, respectively.

Note 28. Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which creates FASB Accounting Standard Codification (ASC) 606, Revenue from Contracts with Customers (ASC 606), and supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition. FPI adopted Topic 606 on October 1, 2020 utilizing the modified retrospective method for all open contracts. FPI also adopted the related guidance in ASC 340-40, Contracts with Customers on October 1, 2020 with respect to costs to obtain and costs to fulfill a contract.

Due to the adoption of Topic 606 in FY 2021, FPI recorded a change in accounting principles increasing their beginning Cumulative Results of Operations balance by $10,065, reflected on the Statement of Changes in Net Position.

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, 2021

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)	$ 1,262,487	$ 199,337	$ 1,499,000	$ 429,886	$ 2,298,345	$ 91,011	$ 2,656,890	$ 524,907	$ 250,890	$ 9,212,753
Appropriations (discretionary and mandatory)	1,444,103	1,484,203	8,135,375	2,955,320	10,420,329	—	8,097,677	3,962,642	4,258,317	40,757,966
Spending Authority from Offsetting Collection (discretionary and mandatory)	19,582	66,375	430,316	14,857	1,093,578	708,360	2,628,284	286,637	112,309	5,360,298
Total Budgetary Resources	**$ 2,726,172**	**$ 1,749,915**	**$ 10,064,691**	**$ 3,400,063**	**$ 13,812,252**	**$ 799,371**	**$ 13,382,851**	**$ 4,774,186**	**$ 4,621,516**	**$ 55,331,017**
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 1,643,202	$ 1,569,716	$ 8,368,395	$ 3,082,703	$ 11,346,580	$ 573,182	$ 11,173,539	$ 2,702,715	$ 4,431,067	$ 44,891,099
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,000,221	150,427	1,095,482	259,715	2,246,313	—	1,685,741	2,055,588	124,981	8,618,468
Exempt from Apportionment, Unexpired Accounts	—	—	127,473	—	—	226,189	—	—	—	353,662
Unapportioned, Unexpired Accounts	82,749	7,908	69,585	1,858	300	—	294,188	15,883	9,201	481,672
Unexpired, Unobligated Balance, End of Year	1,082,970	158,335	1,292,540	261,573	2,246,613	226,189	1,979,929	2,071,471	134,182	9,453,802
Expired Unobligated Balance, End of Year	—	21,864	403,756	55,787	219,059	—	229,383	—	56,267	986,116
Unobligated Balance - End of Year (Total)	1,082,970	180,199	1,696,296	317,360	2,465,672	226,189	2,209,312	2,071,471	190,449	10,439,918
Total Status of Budgetary Resources	**$ 2,726,172**	**$ 1,749,915**	**$ 10,064,691**	**$ 3,400,063**	**$ 13,812,252**	**$ 799,371**	**$ 13,382,851**	**$ 4,774,186**	**$ 4,621,516**	**$ 55,331,017**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,644,850	$ 1,432,921	$ 7,677,588	$ 2,939,084	$ 10,132,447	$ (7,252)	$ 7,788,793	$ 4,353,517	$ 4,225,822	$ 41,187,770
Less: Distributed Offsetting Receipts	40,445	281	(5,408)	549,139	(777)	—	454,739	—	352	1,038,771
Agency Outlays, Net (discretionary and mandatory)	**$ 2,604,405**	**$ 1,432,640**	**$ 7,682,996**	**$ 2,389,945**	**$ 10,133,224**	**$ (7,252)**	**$ 7,334,054**	**$ 4,353,517**	**$ 4,225,470**	**$ 40,148,999**

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 mandatory)	$ 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 Collection (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**

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Other
Unaudited

See Independent Auditors' Report on the Financial Statements

U.S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2021

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Assets											
Intragovernmental											
Fund Balance with Treasury	$ 928,529	$ 478,832	$ 3,134,841	$ 1,053,296	$ 5,267,524	$ 29,644	$ 6,507,581	$ 15,399,322	$ 1,123,149	$ —	$ 33,922,718
Investments	2,918,959	—	—	—	—	276,503	403,436	—	—	—	3,598,898
Accounts Receivable	7,621	29,454	3,826	3,913	391,311	80,475	397,661	13,422	12,589	(293,258)	647,014
Advances and Prepayments	—	—	6,167	43,912	14,046	—	—	111,989	—	(4,327)	171,787
Other Assets (Note 10)	—	101	—	—	—	—	—	—	—	—	101
Total Intragovernmental	$ 3,855,109	$ 508,387	$ 3,144,834	$ 1,101,121	$ 5,672,881	$ 386,622	$ 7,308,678	$ 15,524,733	$ 1,135,738	$ (297,585)	$ 38,340,518
With the Public											
Cash and Other Monetary Assets	$ 1,211,275	$ 12,845	$ 446	$ 21,023	$ 131,693	$ —	$ 51	$ —	$ —	$ —	$ 1,377,333
Accounts Receivable, Net	42	173	7,770	4,127	40,817	2,633	73,418	1,577	76	—	130,633
Inventory and Related Property, Net											
Forfeited Property, Net (Note 8)	82,601	—	—	—	—	—	—	—	—	—	82,601
Other Inventory and Related Property, Net (Note 7)	—	—	19,911	12,350	—	80,737	—	—	5,146	—	118,144
General Property, Plant and Equipment, Net (Note 9)	1,224	179,623	4,334,576	283,492	3,095,259	81,164	222,519	40,990	530,857	—	8,769,704
Advances and Prepayments	—	927	2,721	268	143,321	2,323	4,728	416,582	—	—	570,870
Other Assets (Note 10)	1	—	—	—	—	406	—	—	184	—	591
Total With the Public	$ 1,295,143	$ 193,568	$ 4,365,424	$ 321,260	$ 3,411,090	$ 167,263	$ 300,716	$ 459,149	$ 536,263	$ —	$ 11,049,876
Total Assets	**$ 5,150,252**	**$ 701,955**	**$ 7,510,258**	**$ 1,422,381**	**$ 9,083,971**	**$ 553,885**	**$ 7,609,394**	**$ 15,983,882**	**$ 1,672,001**	**$ (297,585)**	**$ 49,390,394**
Liabilities											
Intragovernmental											
Accounts Payable	$ 101,850	$ 28,909	$ 56,671	$ 56,765	$ 117,879	$ 2,780	$ 123,493	$ 53,480	$ 43,665	$ (293,258)	$ 292,234
Advances from Others and Deferred Revenue	—	—	—	38	69,877	98,412	28,898	5,180	—	(4,327)	198,078
Other Liabilities											
Custodial Liabilities (Note 21)	—	—	27	3,851	4,367	—	830,005	—	—	—	838,250
Other (Note 15)	804	34,070	259,278	46,033	128,542	3,364	56,956	1,403	35,861	—	566,311
Total Intragovernmental	$ 102,654	$ 62,979	$ 315,976	$ 106,687	$ 320,665	$ 104,556	$ 1,039,352	$ 60,063	$ 79,526	$ (297,585)	$ 1,894,873
With the Public											
Accounts Payable	$ 885,161	$ 38,140	$ 317,742	$ 75,451	$ 379,228	$ 44,220	$ 418,537	$ 84,925	$ 400,981	$ —	$ 2,644,385
Federal Employee Benefits Payable	4,522	187,961	1,249,648	261,379	624,088	17,450	304,486	9,668	174,257	—	2,833,459
Environmental and Disposal Liabilities (Note 12)	—	—	74,789	—	4,825	—	—	—	—	—	79,614
Advances from Others and Deferred Revenue	82,601	—	(282)	739,235	6,953	—	—	—	—	—	828,507
Other											
Accrued Grant Liabilities	—	—	—	—	—	—	137,939	658,691	—	—	796,630
Seized Cash and Monetary Instruments (Note 14)	2,781,818	4,440	—	716	63,004	—	—	—	—	—	2,849,978
Radiation Exposure Compensation Act Liabilities (Note 27)	—	—	—	—	—	—	61,918	—	—	—	61,918
September 11th Victim Compensation Fund Liabilities (Note 27)	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,294,883	$ —	$ —	$ —	$ 3,294,883
United States Victims of State Sponsored Terrorism Act Liabilities (Note 27)	—	—	—	—	—	—	177,404	—	—	—	177,404
Other Liabilities (Note 15)	2,561	35,345	736,915	103,162	276,661	11,459	186,209	6,783	45,524	—	1,404,619
Total With the Public	$ 3,756,663	$ 265,886	$ 2,378,812	$ 1,179,943	$ 1,354,759	$ 73,129	$ 4,581,376	$ 760,067	$ 620,762	$ —	$ 14,971,397
Total Liabilities	**$ 3,859,317**	**$ 328,865**	**$ 2,694,788**	**$ 1,286,630**	**$ 1,675,424**	**$ 177,685**	**$ 5,620,728**	**$ 820,130**	**$ 700,288**	**$ (297,585)**	**$ 16,866,270**
Commitments and Contingencies (Note 16)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ 2,877
Unexpended Appropriations - Funds from other than Dedicated Collections	—	266,498	2,235,383	611,325	4,235,884	—	3,892,948	6,085,939	561,736	—	17,889,713
Total Unexpended Appropriations	**$ —**	**$ 266,498**	**$ 2,235,383**	**$ 611,325**	**$ 4,235,884**	**$ —**	**$ 3,895,825**	**$ 6,085,939**	**$ 561,736**	**$ —**	**$ 17,892,590**
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	1,290,935	—	149,948	(591,098)	—	—	624,342	9,042,480	—	—	10,516,607
Cumulative Results of Operations - Funds other than those from Dedicated Collections	—	106,592	2,430,139	115,524	3,172,663	376,200	(2,531,501)	35,333	409,977	—	4,114,927
Total Cumulative Results of Operations	**$ 1,290,935**	**$ 106,592**	**$ 2,580,087**	**$ (475,574)**	**$ 3,172,663**	**$ 376,200**	**$ (1,907,159)**	**$ 9,077,813**	**$ 409,977**	**$ —**	**$ 14,631,534**
Total Net Position	**$ 1,290,935**	**$ 373,090**	**$ 4,815,470**	**$ 135,751**	**$ 7,408,547**	**$ 376,200**	**$ 1,988,666**	**$ 15,163,752**	**$ 971,713**	**$ —**	**$ 32,524,124**
Total Liabilities and Net Position	**$ 5,150,252**	**$ 701,955**	**$ 7,510,258**	**$ 1,422,381**	**$ 9,083,971**	**$ 553,885**	**$ 7,609,394**	**$ 15,983,882**	**$ 1,672,001**	**$ (297,585)**	**$ 49,390,394**

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
Advances and Prepayments	—	—	6,632	33,746	32,501	—	1,297	101,748	—	(2,535)	173,389
Other Assets (Note 10)	—	76	—	—	—	—	—	—	—	—	76
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
With the Public											
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											
Forfeited Property, Net (Note 8)	106,008	—	—	—	—	—	—	—	—	—	106,008
Other Inventory and Related Property, Net (Note 7)	—	—	21,226	17,725	—	208,132	—	—	4,857	—	251,940
General Property, Plant and Equipment, Net (Note 9)	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 With the Public	$ 1,292,587	$ 186,814	$ 4,635,621	$ 337,958	$ 3,275,514	$ 290,413	$ 345,209	$ 584,732	$ 487,366	$ —	$ 11,436,214
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	$ 104,799	$ 73,825	$ 155,703	$ 2,342	$ 168,331	$ 26,871	$ 30,570	$ (287,450)	$ 412,863
Advances from Others and Deferred Revenue	—	—	—	6	78,133	182,949	2,855	4,620	—	(2,535)	266,028
Other											
Custodial Liabilities (Note 21)	—	—	31	3,927	2,512	—	1,060,284	—	—	—	1,066,754
Other Liabilities (Note 15)	646	33,056	253,405	44,373	118,533	2,969	50,407	1,332	32,274	—	536,995
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
With the Public											
Accounts Payable	$ 1,973,343	$ 42,584	$ 343,106	$ 73,819	$ 347,365	$ 43,239	$ 344,497	$ 60,989	$ 398,542	$ —	$ 3,627,484
Federal Employee Benefits Payable	4,304	190,229	1,230,966	263,981	639,941	21,094	272,808	9,808	168,049	—	2,801,180
Environmental and Disposal Liabilities (Note 12)	—	—	72,174	—	4,777	—	—	—	—	—	76,951
Advances from Others and Deferred Revenue	106,008	—	(489)	639,612	4,792	—	—	—	—	—	749,923
Other											
Accrued Grant Liabilities	—	—	—	—	—	—	90,288	535,497	—	—	625,785
Seized Cash and Monetary Instruments (Note 14)	2,362,505	4,184	—	613	62,345	—	—	—	—	—	2,429,647
Radiation Exposure Compensation Act Liabilities (Note 27)	—	—	—	—	—	—	102,395	—	—	—	102,395
September 11th Victim Compensation Fund Liabilities (Note 27)	—	—	—	—	—	—	3,023,169	—	—	—	3,023,169
United States Victims of State Sponsored Terrorism Act Liabilities (Note 27)	—	—	—	—	—	—	146,201	—	—	—	146,201
Other Liabilities (Note 15)	$ 2,068	$ 32,186	$ 693,027	$ 104,694	$ 258,650	$ 9,871	$ 153,542	$ 4,976	$ 40,671	$ —	$ 1,299,685
Total With the Public	$ 4,448,228	$ 269,183	$ 2,338,784	$ 1,082,719	$ 1,317,870	$ 74,204	$ 4,132,900	$ 611,270	$ 607,262	$ —	$ 14,882,420
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**
Commitments and Contingencies (Note 16)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,877	$ —	$ —	$ —	$ 2,877
Unexpended Appropriations - Funds from other than Dedicated Collections	—	219,087	1,837,208	555,331	3,948,889	—	3,848,899	5,644,260	565,372	—	16,619,046
Total Unexpended Appropriations	**$ —**	**$ 219,087**	**$ 1,837,208**	**$ 555,331**	**$ 3,948,889**	**$ —**	**$ 3,851,776**	**$ 5,644,260**	**$ 565,372**	**$ —**	**$ 16,621,923**
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	$ 1,458,470	$ —	$ 77,614	$ (520,681)	$ —	$ —	$ 469,723	$ 11,412,781	$ —	$ —	$ 12,897,907
Cumulative Results of Operations - Funds other than those from Dedicated Collections	—	111,515	2,692,665	167,208	3,128,710	361,596	(2,055,479)	20,064	355,076	—	4,781,355
Total Cumulative Results of Operations	**$ 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**
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 Statement of Net Cost
For the Fiscal Year Ended September 30, 2021

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost - Intragovernmental	$ 165,318	$ 524,674	$ —	$ 1,182,256	$ 3,420,940	$ —	$ 170,098	$ —	$ 805,845	$ (828,684)	$ 5,440,447
Gross Cost - With the Public	1,433,416	1,020,300	—	1,860,747	8,019,483	—	359,113	—	1,311,696	—	14,004,755
Subtotal Gross Costs	1,598,734	1,544,974	—	3,043,003	11,440,423	—	529,211	—	2,117,541	(828,684)	19,445,202
Earned Revenues - Intragovernmental	5,289	58,946	—	21,807	736,379	—	23	—	55,227	(828,684)	48,987
Earned Revenues - With the Public	—	997	—	455,858	212,635	—	—	—	3,906		673,396
Subtotal Earned Revenue	5,289	59,943	—	477,665	949,014	—	23	—	59,133	(828,684)	722,383
Subtotal Net Cost of Operation	$ 1,593,445	$ 1,485,031	$ —	$ 2,565,338	$ 10,491,409	$ —	$ 529,188	$ —	$ 2,058,408	$ —	$ 18,722,819
Major Program 2: Litigation and Compensation											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,621,568	$ —	$ —	$ (40,973)	$ 1,580,595
Gross Cost - With the Public	—	—	—	—	—	—	5,006,290	—	—		5,006,290
Subtotal Gross Costs	—	—	—	—	—	—	6,627,858	—	—	(40,973)	6,586,885
Earned Revenues - Intragovernmental	—	—	—	—	—	—	200,883	—	—	(40,973)	159,910
Earned Revenues - With the Public	—	—	—	—	—	—	239,550	—	—	—	239,550
Subtotal Earned Revenue	—	—	—	—	—	—	440,433	—	—	(40,973)	399,460
Subtotal Net Cost of Operation	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,187,425	$ —	$ —	$ —	$ 6,187,425
Major Program 3: Prison and Detention											
Gross Cost - Intragovernmental	$ —	$ —	$ 2,187,090	$ —	$ —	$ 109,087	$ 5,322	$ —	$ 53,203	$ (333,743)	$ 2,020,959
Gross Cost - With the Public	—	—	6,334,838	—	—	551,678	5,779	—	2,134,518		9,026,813
Subtotal Gross Costs	—	—	8,521,928	—	—	660,765	11,101	—	2,187,721	(333,743)	11,047,772
Earned Revenues - Intragovernmental	—	—	3,028	—	—	587,881	—	—	—	(317,189)	273,720
Earned Revenues - With the Public	—	—	320,011	—	—	54,594	—	—	164		374,769
Subtotal Earned Revenue	—	—	323,039	—	—	642,475	—	—	164	(317,189)	648,489
Subtotal Net Cost of Operation	$ —	$ —	$ 8,198,889	$ —	$ —	$ 18,290	$ 11,101	$ —	$ 2,187,557	$ (16,554)	$ 10,399,283
Major Program 4: Grants											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,401	$ 240,389	$ —	$ (16,187)	$ 248,603
Gross Cost - With the Public	—	—	—	—	—	—	606,650	4,445,632	—		5,052,282
Subtotal Gross Costs	—	—	—	—	—	—	631,051	4,686,021	—	(16,187)	5,300,885
Earned Revenues - Intragovernmental	—	—	—	—	—	—	(612)	37,075	—	(16,187)	20,276
Earned Revenues - With the Public	—	—	—	—	—	—	3	—	—	—	3
Subtotal Earned Revenue	—	—	—	—	—	—	(609)	37,075	—	(16,187)	20,279
Subtotal Net Cost of Operation	$ —	$ —	$ —	$ —	$ —	$ —	$ 631,660	$ 4,648,946	$ —	$ —	$ 5,280,606
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 443,983	$ —	$ —	$ (47,809)	$ 396,174
Gross Cost - With the Public	—	—	—	—	—	—	1,687,279	—	—		1,687,279
Subtotal Gross Cost	—	—	—	—	—	—	2,131,262	—	—	(47,809)	2,083,453
Earned Revenue - Intragovernmental	—	—	—	—	—	—	684,697	—	—	(47,809)	636,888
Earned Revenue - With the Public	—	—	—	—	—	—	526,611	—	—	—	526,611
Subtotal Earned Revenue	—	—	—	—	—	—	1,211,308	—	—	(47,809)	1,163,499
Subtotal Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 919,954	$ —	$ —	$ —	$ 919,954
Total Net Cost of Operations	**$ 1,593,445**	**$ 1,485,031**	**$ 8,198,889**	**$ 2,565,338**	**$ 10,491,409**	**$ 18,290**	**$ 8,279,328**	**$ 4,648,946**	**$ 4,245,965**	**$ (16,554)**	**$ 41,510,087**

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
Major Program 1: Law Enforcement											
Gross Cost - Intragovernmental	$ 254,362	$ 505,843	$ —	$ 1,108,024	$ 3,217,334	$ —	$ 186,456	$ —	$ 698,659	$ (770,910)	$ 5,199,768
Gross Cost - With the Public	1,556,621	971,011	—	1,784,560	7,781,655	—	356,480	—	1,304,950	—	13,755,277
Subtotal Gross Costs	1,810,983	1,476,854	—	2,892,584	10,998,989	—	542,936	—	2,003,609	(770,910)	18,955,045
Earned Revenues - Intragovernmental	14,296	67,393	—	15,968	693,277	—	(175)	—	43,493	(770,910)	63,342
Earned Revenues - With the Public	—	470	—	428,852	174,624	—	—	—	4,145	—	608,091
Subtotal Earned Revenue	14,296	67,863	—	444,820	867,901	—	(175)	—	47,638	(770,910)	671,433
Subtotal Net Cost of Operation	$ 1,796,687	$ 1,408,991	$ —	$ 2,447,764	$ 10,131,088	$ —	$ 543,111	$ —	$ 1,955,971	$ —	$ 18,283,612
Major Program 2: Litigation and Compensation											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,397,569	$ —	$ —	$ (38,247)	$ 1,359,322
Gross Cost - With the Public	—	—	—	—	—	—	3,054,435	—	—		3,054,435
Subtotal Gross Costs	—	—	—	—	—	—	4,452,004	—	—	(38,247)	4,413,757
Earned Revenues - Intragovernmental	—	—	—	—	—	—	305,887	—	—	(38,247)	267,640
Earned Revenues - With the Public	—	—	—	—	—	—	104,038	—	—	—	104,038
Subtotal Earned Revenue	—	—	—	—	—	—	409,925	—	—	(38,247)	371,678
Subtotal Net Cost of Operation	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,042,079	$ —	$ —	$ —	$ 4,042,079
Major Program 3: Prison and Detention											
Gross Cost - Intragovernmental	$ —	$ —	$ 2,028,550	$ —	$ —	$ 181,346	$ 5,517	$ —	$ 40,810	$ (302,700)	$ 1,953,523
Gross Cost - With the Public	—	—	6,370,817	—	—	410,224	5,850	—	1,913,827	—	8,700,718
Subtotal Gross Costs	—	—	8,399,367	—	—	591,570	11,367	—	1,954,637	(302,700)	10,654,241
Earned Revenues - Intragovernmental	—	—	3,417	—	—	525,424	(38)	—	—	(285,609)	243,194
Earned Revenues - With the Public	—	—	349,897	—	—	40,302	—	—	207	—	390,406
Subtotal Earned Revenue	—	—	353,314	—	—	565,726	(38)	—	207	(285,609)	633,600
Subtotal Net Cost of Operation	$ —	$ —	$ 8,046,053	$ —	$ —	$ 25,844	$ 11,405	$ —	$ 1,954,430	$ (17,091)	$ 10,020,641
Major Program 4: Grants											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 28,192	$ 179,010	$ —	$ (16,165)	$ 191,037
Gross Cost - With the Public	—	—	—	—	—	—	583,183	4,284,973	—	—	4,868,156
Subtotal Gross Costs	—	—	—	—	—	—	611,375	4,463,983	—	(16,165)	5,059,193
Earned Revenues - Intragovernmental	—	—	—	—	—	—	10,390	42,811	—	(16,165)	37,036
Earned Revenues - With the Public	—	—	—	—	—	—	—	—	—	—	—
Subtotal Earned Revenue	—	—	—	—	—	—	10,390	42,811	—	(16,165)	37,036
Subtotal Net Cost of Operation	$ —	$ —	$ —	$ —	$ —	$ —	$ 600,985	$ 4,421,172	$ —	$ —	$ 5,022,157
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost - Intragovernmental	$ —	$ —	$ —	$ —	$ —	$ —	$ 427,678	$ —	$ —	$ (28,250)	$ 399,428
Gross Cost - With the Public	—	—	—	—	—	—	1,659,434	—	—	—	1,659,434
Subtotal Gross Costs	—	—	—	—	—	—	2,087,112	—	—	(28,250)	2,058,862
Earned Revenues - Intragovernmental	—	—	—	—	—	—	664,714	—	—	(28,250)	636,464
Earned Revenues - With the Public	—	—	—	—	—	—	788,756	—	—	—	788,756
Subtotal Earned Revenue	—	—	—	—	—	—	1,453,470	—	—	(28,250)	1,425,220
Subtotal Net Cost of Operation	$ —	$ —	$ —	$ —	$ —	$ —	$ 633,642	$ —	$ —	$ —	$ 633,642
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 Changes in Net Position
For the Fiscal Year Ended September 30, 2021

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,877**	**$ —**	**$ —**	**$ —**	**$ 2,877**
Funds from other than Dedicated Collections	**—**	**219,087**	**1,837,208**	**555,331**	**3,948,889**	**—**	**3,848,899**	**5,644,260**	**565,372**	**—**	**16,619,046**
Appropriations Received											
Funds from other than Dedicated Collections	—	1,483,887	8,135,375	2,386,263	10,493,786	—	7,378,655	2,486,900	3,682,609	—	36,047,475
Appropriations Transferred-In/Out											
Funds from other than Dedicated Collections	—	(1,721)	(33,755)	15,642	1,786	—	370,532	46,356	567,639	—	966,479
Other Adjustments											
Funds from other than Dedicated Collections	—	—	(100)	(121)	(80,150)	—	(34,598)	(133,146)	(100)	—	(248,215)
Appropriations Used											
Funds from other than Dedicated Collections	—	(1,434,755)	(7,703,345)	(2,345,790)	(10,128,427)	—	(7,670,540)	(1,958,431)	(4,253,784)	—	(35,495,072)
Net Change in Unexpended Appropriations											
Funds from other than Dedicated Collections	**—**	**47,411**	**398,175**	**55,994**	**286,995**	**—**	**44,049**	**441,679**	**(3,636)**	**—**	**1,270,667**
Total Unexpended Appropriations: Ending											
Funds from Dedicated Collections	—	—	—	—	—	—	2,877	—	—	—	2,877
Funds from other than Dedicated Collections	—	266,498	2,235,383	611,325	4,235,884	—	3,892,948	6,085,939	561,736	—	17,889,713
Total All Funds	**$ —**	**$ 266,498**	**$ 2,235,383**	**$ 611,325**	**$ 4,235,884**	**$ —**	**$ 3,895,825**	**$ 6,085,939**	**$ 561,736**	**$ —**	**$ 17,892,590**

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended 30, 2021 - Continued

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	**$ 1,458,470**	**$ —**	**$ 77,614**	**$ (520,681)**	**$ —**	**$ —**	**$ 469,723**	**$ 11,412,781**	**$ —**	**$ —**	**$ 12,897,907**
Funds from other than Dedicated Collections	**—**	**111,515**	**2,692,665**	**167,208**	**3,128,710**	**361,596**	**(2,055,479)**	**20,064**	**355,076**	**—**	**4,781,355**
Adjustments:											
Changes in Accounting Principles											
Funds from other than Dedicated Collections	—	—	—	—	—	10,065	—	—	—	—	10,065
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**1,458,470**	**—**	**77,614**	**(520,681)**	**—**	**—**	**469,723**	**11,412,781**	**—**	**—**	**12,897,907**
Funds from other than Dedicated Collections	**—**	**111,515**	**2,692,665**	**167,208**	**3,128,710**	**371,661**	**(2,055,479)**	**20,064**	**355,076**	**—**	**4,791,420**
Other Adjustments											
Funds from other than Dedicated Collections	—	—	—	—	(1)	—	—	—	(5)	—	(6)
Appropriations Used											
Funds from other than Dedicated Collections	—	1,434,755	7,703,345	2,345,790	10,128,427	—	7,670,540	1,958,431	4,253,784	—	35,495,072
Nonexchange Revenues											
Funds from Dedicated Collections	5,811	—	—	—	—	—	454	775,638	—	—	781,903
Funds from other than Dedicated Collections	—	—	—	—	—	—	23	96	—	—	119
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,027,671	—	—	—	—	—	43,040	—	—	—	1,070,711
Funds from other than Dedicated Collections	—	—	—	—	—	—	(2)	—	—	—	(2)
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(3,410)	—	131	—	—	—	—	(445,000)	—	—	(448,279)
Funds from other than Dedicated Collections	—	1,254	(131)	17,030	110,747	—	61,627	(278)	65	—	190,314
Donations and Forfeitures of Property											
Funds from Dedicated Collections	393,144	—	—	—	—	—	—	—	—	—	393,144
Imputed Financing (Note 19)											
Funds from Dedicated Collections	2,694	—	6,406	14,762	—	—	13,513	—	—	—	37,375
Funds from other than Dedicated Collections	—	44,099	298,946	65,655	307,636	22,829	168,750	5,027	47,022	(16,554)	943,410
Other											
Funds from Dedicated Collections	—	—	—	—	—	—	4	—	—	—	4
Funds from other than Dedicated Collections	—	—	—	—	(11,447)	—	(24)	—	—	—	(11,471)
Net Cost of Operations											
Funds from Dedicated Collections	**(1,593,445)**	**—**	**65,797**	**(85,179)**	**—**	**—**	**97,608**	**(2,700,939)**	**—**	**—**	**(4,216,158)**
Funds from other than Dedicated Collections	**—**	**(1,485,031)**	**(8,264,686)**	**(2,480,159)**	**(10,491,409)**	**(18,290)**	**(8,376,936)**	**(1,948,007)**	**(4,245,965)**	**16,554**	**(37,293,929)**
Net Change in Cumulative Results of Operations											
Funds from Dedicated Collections	(167,535)	—	72,334	(70,417)	—	—	154,619	(2,370,301)	—	—	(2,381,300)
Funds from other than Dedicated Collections	—	(4,923)	(262,526)	(51,684)	43,953	4,539	(476,022)	15,269	54,901	—	(676,493)
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	1,290,935	—	149,948	(591,098)	—	—	624,342	9,042,480	—	—	10,516,607
Funds from other than Dedicated Collections	—	106,592	2,430,139	115,524	3,172,663	376,200	(2,531,501)	35,333	409,977	—	4,114,927
Total All Funds	$ 1,290,935	$ 106,592	$ 2,580,087	$ (475,574)	$ 3,172,663	$ 376,200	$ (1,907,159)	$ 9,077,813	$ 409,977	$ —	$ 14,631,534
Net Position											
Funds from Dedicated Collections	**1,290,935**	**—**	**149,948**	**(591,098)**	**—**	**—**	**627,219**	**9,042,480**	**—**	**—**	**10,519,484**
Funds from other than Dedicated Collections	**—**	**373,090**	**4,665,522**	**726,849**	**7,408,547**	**376,200**	**1,361,447**	**6,121,272**	**971,713**	**—**	**22,004,640**
Net Position - Total	**$ 1,290,935**	**$ 373,090**	**$ 4,815,470**	**$ 135,751**	**$ 7,408,547**	**$ 376,200**	**$ 1,988,666**	**$ 15,163,752**	**$ 971,713**	**$ —**	**$ 32,524,124**

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**
Funds from other than Dedicated Collections	**—**	**181,537**	**1,640,246**	**527,031**	**3,730,758**	**—**	**5,121,617**	**4,296,876**	**545,594**		**16,043,659**
Appropriations Received											
Funds from Dedicated Collections	—	—	—	—	—	—	65,182	—	—	—	65,182
Funds from other than Dedicated Collections	—	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											
Funds from other than Dedicated Collections	—	137	(31,206)	14,298	(21,942)	—	377,613	(14,938)	624,102	—	948,064
Other Adjustments											
Funds from other than Dedicated Collections	—	—	(105)	(10,147)	(72,069)	—	(34,823)	(99,272)	(50)	—	(216,466)
Appropriations Used											
Funds from Dedicated Collections	—	—	—	—	—	—	(116,069)	—	—	—	(116,069)
Funds from other than Dedicated Collections	—	(1,362,587)	(7,649,727)	(2,270,004)	(9,660,760)	—	(7,157,231)	(1,821,206)	(3,931,735)	—	(33,853,250)
Net Change in Unexpended Appropriations											
Funds from Dedicated Collections	**—**	**—**	**—**	**—**	**—**	**—**	**(50,887)**	**—**	**—**	**—**	**(50,887)**
Funds from other than Dedicated Collections	**—**	**37,550**	**196,962**	**28,300**	**218,131**	**—**	**(1,272,718)**	**1,347,384**	**19,778**	**—**	**575,387**
Total Unexpended Appropriations: Ending											
Funds from Dedicated Collections	—	—	—	—	—	—	2,877	—	—	—	2,877
Funds from other than Dedicated Collections	—	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
For the Fiscal Year Ended September 30, 2020 - Continued

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**
Funds from other than Dedicated Collections	**—**	**127,029**	**2,833,302**	**155,025**	**3,216,821**	**364,590**	**(3,737,282)**	**8,001**	**291,510**	**—**	**3,258,996**
Other Adjustments											
Funds from other than Dedicated Collections	—	—	—	—	(86)	—	—	—	(55)	—	(141)
Appropriations Used											
Funds from Dedicated Collections	—	—	—	—	—	—	116,069	—	—	—	116,069
Funds from other than Dedicated Collections	—	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
Funds from other than Dedicated Collections	—	—	—	—	—	—	—	172	—	—	172
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,127,903	—	—	—	—	—	52,087	—	—	—	1,179,990
Funds from other than Dedicated Collections	—	—	—	—	—	—	5	—	—	—	5
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(14,780)	—	—	—	—	—	(106)	(445,000)	—	—	(459,886)
Funds from other than Dedicated Collections	—	(12,742)	140	24,810	135,528	—	227,326	(22)	5,300	—	380,340
Donations and Forfeitures of Property											
Funds from Dedicated Collections	565,757	—	—	—	—	—	—	—	—	—	565,757
Imputed Financing (Note 19)											
Funds from Dedicated Collections	2,253	—	5,353	11,617	—	—	11,734	—	—	—	30,957
Funds from other than Dedicated Collections	—	43,632	243,309	59,534	255,758	22,850	139,298	4,255	36,987	(17,091)	788,532
Other											
Funds from Dedicated Collections	—	—	—	—	—	—	(5,742)	—	—	—	(5,742)
Funds from other than Dedicated Collections	—	—	—	—	(8,983)	—	—	—	—	—	(8,983)
Net Cost of Operations											
Funds from Dedicated Collections	**(1,796,687)**	**—**	**(12,240)**	**(105,599)**	**—**	**—**	**10,835**	**(2,607,624)**	**—**	**—**	**(4,511,315)**
Funds from other than Dedicated Collections	**—**	**(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 in Cumulative Results of Operations											
Funds from Dedicated Collections	(47,035)	—	(6,887)	(93,982)	—	—	195,331	(2,548,701)	—	—	(2,501,274)
Funds from other than Dedicated Collections	—	(15,514)	(140,637)	12,183	(88,111)	(2,994)	1,681,803	12,063	63,566	—	1,522,359
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	1,458,470	—	77,614	(520,681)	—	—	469,723	11,412,781	—	—	12,897,907
Funds from other than Dedicated Collections	—	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**
Funds from other than Dedicated Collections	**—**	**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
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2021

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	$ —	$ 121	$ —	$ 10,867	$ 1,391	$ —	$ 7,817,114	$ —	$ —	$ 7,829,493
Fees and Licenses	—	93,878	—	15,000	—	—	—		—	108,878
Miscellaneous	—	281	27	—	—	—	—		352	660
Total Cash Collections	**$ —**	**$ 94,280**	**$ 27**	**$ 25,867**	**$ 1,391**	**$ —**	**$ 7,817,114**	**$ —**	**$ 352**	**$ 7,939,031**
Accrual Adjustments	—	(26)	—	(76)	1,855	—	—		—	1,753
Total Custodial Revenue	**$ —**	**$ 94,254**	**$ 27**	**$ 25,791**	**$ 3,246**	**$ —**	**$ 7,817,114**	**$ —**	**$ 352**	**$ 7,940,784**
Disposition of Collections										
Transferred to Federal Agencies										
The Judiciary	—	—	—	—	—	—	(89,232)	—	—	(89,232)
U.S. Department of Agriculture	—	—	—	—	—	—	(87,945)	—	—	(87,945)
U.S. Department of Commerce	—	—	—	—	—	—	(9,230)	—	—	(9,230)
U.S. Department of the Interior	—	—	—	—	—	—	(568,102)	—	—	(568,102)
U.S. Department of Justice	—	—	—	—	—	—	(203,482)	—	—	(203,482)
U.S. Department of Labor	—	—	—	—	—	—	(655)	—	—	(655)
U.S. Postal Service	—	—	—	—	—	—	(32,115)	—	—	(32,115)
U.S. Department of State	—	—	—	—	—	—	(138)	—	—	(138)
U.S. Department of the Treasury	—	—	—	—	—	—	(649,229)	—	—	(649,229)
Office of Personnel Management	—	—	—	—	—	—	(15,542)	—	—	(15,542)
Federal Communications Commission	—	—	—	—	—	—	(3,908)	—	—	(3,908)
Social Security Administration	—	—	—	—	—	—	(484)	—	—	(484)
Federal Trade Commission	—	—	—	—	—	—	(150,506)	—	—	(150,506)
U.S. Department of Veterans Affairs	—	—	—	—	—	—	(169,423)	—	—	(169,423)
Equal Employment Opportunity Commission	—	—	—	—	—	—	(4,839)	—	—	(4,839)
General Services Administration	—	—	—	—	—	—	(14,892)	—	—	(14,892)
National Science Foundation	—	—	—	—	—	—	(334)	—	—	(334)
Federal Deposit Insurance Corporation	—	—	—	—	—	—	(4)	—	—	(4)
National Endowment For the Humanities	—	—	—	—	—	—	(1)	—	—	(1)
Railroad Retirement Board	—	—	—	—	—	—	(206)	—	—	(206)
Environmental Protection Agency	—	—	—	—	—	—	(1,073,923)	—	—	(1,073,923)
U.S. Department of Transportation	—	—	—	—	—	—	(6,310)	—	—	(6,310)
U.S. Department of Homeland Security	—	—	—	—	—	—	(151,990)	—	—	(151,990)
Agency for International Development	—	—	—	—	—	—	(6,951)	—	—	(6,951)
Small Business Administration	—	—	—	—	—	—	(11,361)	—	—	(11,361)
U.S. Department of Health and Human Services	—	—	—	—	—	—	(1,234,546)	—	—	(1,234,546)
United States Intl Development Finance Corporation	—	—	—	—	—	—	(130)	—	—	(130)
National Aeronautics and Space Administration	—	—	—	—	—	—	(1,732)	—	—	(1,732)
Export-Import Bank of the United States	—	—	—	—	—	—	(1,142)	—	—	(1,142)
U.S. Department of Housing and Urban Development	—	—	—	—	—	—	(117,398)	—	—	(117,398)
U.S. Department of Energy	—	—	—	—	—	—	(202,757)	—	—	(202,757)
U.S. Department of Education	—	—	—	—	—	—	(10,729)	—	—	(10,729)
Commodities Futures Trading Commission	—	—	—	—	—	—	(288)	—	—	(288)
Corporation of National & Community Services	—	—	—	—	—	—	(42)	—	—	(42)
Federal Reserve Board	—	—	—	—	—	—	(4)	—	—	(4)
Treasury General Fund	—	(90,445)	—	(25,867)	(1,391)	—	(2,619,571)	—	(352)	(2,737,626)
U.S. Department of Defense	—	—	—	—	—	—	(136,523)	—	—	(136,523)
Transferred to the Public	—	—	—	—	—	—	(256,130)	—	—	(256,130)
(Increase)/Decrease in Amounts Yet to be Transferred	—	—	(27)	76	(1,855)	—	233,428	—	—	231,622
Increase/(Decrease) in Refunds Payable and Other Liabilities	—	(3,809)	—	—	—	—	—	—	—	(3,809)
Retained by the Reporting Entity	—	—	—	—	—	—	(218,748)	—	—	(218,748)
Total Disposition Of Collections	—	(94,254)	(27)	(25,791)	(3,246)	—	(7,817,114)	—	(352)	(7,940,784)
Net Custodial Activity	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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
Increase/(Decrease) in Refunds Payable and Other Liabilities	—	(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	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

SECTION III

OTHER INFORMATION

Section III

Other Information
(Unaudited)

Overview

Each year, the Department's 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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U.S. Department of Justice
Office of the Inspector General

Top Management and Performance Challenges Facing the Department of Justice–2021

Department of Justice | Office of the Inspector General

Date: October 15, 2021

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 2021 report on the top management and performance challenges facing the Department of Justice (the 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 Trust in the U.S. Department of Justice
- The Department's Contingency Planning Post-Pandemic
- Maintaining a Safe, Secure, and Humane Prison System
- Countering Domestic and International Terrorism and Safeguarding National Security
- Protecting the Nation and Department against Cyber-Related Threats and Emerging Technologies
- Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime
- Managing the Opioids/Fentanyl Crisis
- Managing Human Capital
- Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

We believe that strengthening public trust in the Department is an urgent challenge that will continue to garner significant public attention, and that will require meaningful action from the Department. This challenge encompasses the important topics of demonstrating independence from political influence, providing leadership to the law enforcement community in protecting First Amendment activity while ensuring public safety, increasing transparency and accountability through implementation of a body worn camera program, and demonstrating the ability to effectively administer justice. Many of these issues are not new challenges, but recent events make the Department's attention to them even more critical.

Managing the prison system, which always presents significant challenges, has been particularly difficult during the Coronavirus Disease 2019 (COVID-19) pandemic. Typical issues, such as staffing shortages and providing inmate healthcare and programming, have been exacerbated by the need to mitigate COVID-19 in Federal Bureau of Prisons facilities. The Department faces other unprecedented and complex challenges related to the pandemic, including adapting its human capital policies and enhancing its planning for future emergencies and catastrophic events.

In addition, enhancing national security remains a key challenge for the Department. While foreign terrorist organizations and espionage are perennial concerns, the rising danger of homegrown violent extremism and intersecting threats of domestic terrorism and hate crimes require the Department to expand the focus of its role in protecting the homeland and our democracy. Other challenges have also become more complex. Cyber-related intrusions are increasingly prevalent and represent a significant threat to the federal government, the American economy, U.S. public discourse, and American elections. Enhancing trust between police and communities, increasing coordination across all levels of law enforcement, combatting violent crime and the opioids crisis, and managing contract and grant awards are ongoing challenges that have been affected by the pandemic, as well as national and world events. The report also highlights the importance of maintaining a workplace that is free of sexual misconduct and harassment, and of leveraging workplace flexibilities and maximizing diversity, equity, and inclusion to recruit and retain a highly skilled and effective workforce.

We hope this report 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.

Attachment

Table of Contents

Strengthening Public Trust in the U.S. Department of Justice

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

A significant challenge facing the U.S. Department of Justice (DOJ or the Department) is how it can strengthen public trust in its ability to impartially and effectively enforce the nation's laws. This critical function is deeply rooted in the Department's history and in its policies and guidelines. Not only does the Department identify ensuring the "fair and impartial administration of justice for all Americans" as part of its fundamental mission, the Justice Manual, a collection of general policies and guidance relevant to the work of federal litigators and legal advisors, mandates that the Department's legal judgments and prosecutorial decisions be "impartial and insulated from political influence." Public discourse questioning the objective application of law is concerning and must be addressed.

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

The Department faces a challenge in addressing public perception about its objectivity and insulation from political influence. A 2020 report by the Pew Research Center (Pew) showed that DOJ had one of the lowest ratings among federal agencies. In March 2020, Pew surveyed 1,013 U.S. adults and asked them if their overall opinion of 10 federal agencies was very favorable, mostly favorable, mostly unfavorable, or very unfavorable. Of the 10 agencies included in the survey, DOJ ranked ninth, with only U.S. Immigration and Customs Enforcement polling less favorably. While the overall favorability rating of DOJ has increased since its low point in 2015, the data suggests a concerning trend: the political affiliation of the survey respondents seemed to affect their view of the Department. As Pew noted, unlike many federal agencies, the view of the Department was starkly divided by political affiliation. While prior Pew surveys have shown a disparity between political affiliation and the favorability of the Department, the recent 2020 survey evidenced the widest disparity since 2010. A comparison with prior Pew surveys also shows that the disparity has been increasing since the same survey was conducted in February 2018, when the Department scored similar overall favorability ratings, but this view was shared almost equally by both political affiliations.

Great Hall of U.S. Department of Justice Building (Robert F. Kennedy Building)
Source: U.S. Marshals Service

One important strategy that can build public trust in the Department is to ensure adherence to policies and procedures designed to protect DOJ from accusations of political influence or partial application of the law. As we found in a prior report examining various actions taken during the 2016 election, decisions to deviate from the Federal Bureau of Investigation's (FBI) and the Department's established procedures and norms negatively impacted the perception of the Department as a fair administrator of justice. Similarly in another report concerning then-FBI Director Comey's disclosure of certain investigative information, we observed that it is of the utmost importance to adhere to Department and FBI policies—particularly when confronted by what appear to be extraordinary circumstances or compelling personal convictions. And where the FBI failed to adhere to its own policies, an Office of the Inspector General (OIG) review of certain aspects of the FBI's Crossfire Hurricane investigation noted that such failures have the potential to affect the FBI's reputation as one of the world's premier law enforcement agencies.

Numerous national events in the past year have crystalized the urgency for the Department to address this challenge in a meaningful way. Public reports that political considerations allegedly influenced the Department's decision to obtain communications of members of Congress and the media, accusations that lawful protestors were cleared from Lafayette Square for political purposes, as well as claims that some Department officials may have sought to take action to alter the outcome of the 2020 Presidential Election have all raised questions about the Department's objectivity and impartiality. In June 2021, the OIG announced a review that will examine the Department's compliance with applicable DOJ policies and procedures in using subpoenas and other legal authorities to obtain communication records of members of Congress and affiliated persons, as well as the news media, in the Department's investigations of unauthorized disclosures of information. This review will also encompass whether any such uses, or the investigations, were based upon improper considerations. The OIG also initiated a review of the Department's roles and responsibilities in responding to protest activity and civil unrest on June 1, 2020, at Lafayette Square. The OIG will examine DOJ law enforcement personnel's compliance with applicable identification requirements, rules of engagement, and legal authorities. The review will also consider law enforcement personnel's adherence to DOJ policies regarding the use of less-lethal munitions, chemical agents, and other uses of force. A third review will examine whether any former or current DOJ official engaged in an improper attempt to have the Department seek to alter the outcome of the 2020 Presidential Election. The OIG's work on these and other matters, and any forthcoming guidance and recommendations, should provide the Department assistance with addressing public concerns about the Department's objectivity, impartiality, and independence from political influence.

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

In addition to public perceptions about objectivity and independence from political interference in the Department's decision making, DOJ faces the challenge of protecting the public and enforcing the law at the same time there has been an erosion of public confidence and trust in law enforcement. Over the past several years, numerous high-profile incidents involving serious misconduct by law enforcement, including George Floyd's murder in May 2020, have contributed to this loss of public confidence. One of the most significant challenges facing the Department is strengthening trust between the police and communities. Enhancing trust is critical because a constructive relationship between the police and the communities they serve is essential to effective policing.

National Night Out, in Lincoln Park, Washington, D.C., August 3, 2021
Source: U.S. Marshals Service

Strengthening Public Trust in the U.S. Department of Justice

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

The Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime section of this report discusses the challenges faced by the Department in greater detail. Law enforcement failures, including those that violate civil rights, affect public safety, and undermine individuals' privacy rights, damage public trust and have lasting effect. Effective law enforcement, strong interagency coordination, careful adherence to policies governing sensitive investigative authorities, and vigorous oversight of law enforcement are important components of the Department's effort to maintain its integrity and the integrity of all law enforcement.

Additionally, as described in the Department's Strategic Plan for Fiscal Years 2018–2022, one of the strategic goals of the Department is to promote public safety. Ensuring that law enforcement handles investigations that affect public safety appropriately and effectively is an important challenge facing the Department. When law enforcement fails to do so, public safety is compromised, which can, in turn, impact the public's trust. For example, the OIG's investigation and review of the FBI's handling of allegations of sexual abuse by former USA Gymnastics physician Lawrence Gerard Nassar details a series of failures in the FBI's investigation that underscores the significance of this challenge. The OIG found that FBI senior officials failed to respond to allegations of sexual abuse with the utmost seriousness and urgency that they deserved and required. Among the failures was the lack of expeditious notice to state and local law enforcement, or other FBI field offices with stronger jurisdictional links to the allegations, in order to mitigate the ongoing danger posed by Nassar. In a statement, the FBI acknowledged its actions and inactions were a "breach of trust." In light of these findings, the FBI advised the OIG that it has reviewed applicable policies, procedures, training, and programs, and is in the process of making changes to strengthen the FBI's handling of future sexual abuse allegations. The OIG's oversight will continue through its review of the FBI's implementation of the OIG's recommendations.

Gymnasts Simone Biles, McKayla Maroney, Maggie Nichols, and Aly Raisman testified before the Senate Judiciary Committee
Source: Screenshot from Senate Judiciary Committee Video on September 15, 2021

As part of its continuing oversight of the effectiveness of DOJ's law enforcement response to public safety threats, the OIG has initiated a review of DOJ's preparation for and response to the events at the U.S. Capitol on January 6, 2021. This review will include an examination of whether there are any weaknesses in Department protocols, policies, or procedures that adversely affected DOJ's ability to effectively prepare for and respond to these events.

Another challenge for the Department is coordinating actions among DOJ components and other federal, state, and local stakeholders to ensure that it appropriately and effectively exercises its law enforcement responsibilities. A recently published OIG report about the Department's implementation of the "zero tolerance policy" highlights how the lack of coordination among different agencies and branches of the government

Strengthening Public Trust in the U.S. Department of Justice

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

can have a substantial public impact. In that review, the OIG found that senior DOJ officials failed to coordinate the policy with relevant U.S. Attorney's Offices, the U.S. Marshals Service, the U.S. Department of Health and Human Services, or the federal courts. The review found that the Department's single-minded focus on increasing immigration prosecutions came at the expense of careful and appropriate consideration of the impact that such prosecutions and resulting family separations would have on children and the government's ability to later reunite the children with their parents.

DOJ continues to face the additional challenge of ensuring that, in exercising sensitive law enforcement authorities, its components adhere to policies designed to protect individuals' civil liberties and privacy. Although issues arising from the FBI's use of authorities under the Foreign Intelligence Surveillance Act (FISA) were previously addressed in the 2020 Top Management and Performance Challenges (TMPC) report, and the FBI has made important strides to address the OIG's recommendations since issuance of the Crossfire Hurricane report in December 2019, significant work in this area remains. In September 2021, the OIG released an audit report that confirmed that problems with implementation of the FBI's factual accuracy review procedures ("Woods Procedures") were not isolated to the FISA applications examined in our Crossfire Hurricane review. Our latest report made 10 recommendations to the FBI and the National Security Division to strengthen the Woods Procedures and reduce the risk of erroneous information being included in FISA applications, which can lead to faulty probable cause determinations and the infringement of U.S. persons' civil liberties. At the time the report was published, the FBI and the National Security Division had taken sufficient action to close 5 of the 10 recommendations issued to them collectively. The OIG is also conducting an audit of 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.

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

The Department can also strengthen public trust by enhancing transparency and accountability. Two steps DOJ can take to improve transparency and accountability are requiring the use of body worn cameras by its law enforcement personnel and ensuring that Department employees who engage in misconduct are appropriately disciplined.

Body Worn Cameras and New Department Policies Requiring Their Use
Body worn cameras (BWC) are an important tool that can enhance law enforcement transparency and accountability, and thereby assist in building and maintaining public trust. For years, in an effort to help promote the use of BWC systems by local law enforcement agencies nationwide, DOJ has promoted state, local, and tribal law enforcement use of BWCs. Since 2015, the Department, through the Office of Justice Programs, has provided over $115 million in grant awards to fund BWC programs, including $102.7 million in direct assistance to over 400 state, local, and tribal law enforcement agencies to establish or improve their BWC programs, and $12.5 million in training and technical assistance. During the last year, the importance of BWCs for federal law enforcement has been illustrated by national events including the Department's deployment of law enforcement during civil protests at Lafayette Square and its response to the riot at the U.S. Capitol. In both of these instances, the lack of use of BWC's by federal law enforcement components has impacted the Department's ability to

Strengthening Public Trust in the U.S. Department of Justice

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

address complaints of misconduct by law enforcement and investigate criminal acts against law enforcement and the public.

In the OIG's June 2021 report examining the Department's policy regarding use of BWCs by its law enforcement personnel, we found that the Department-wide guidance would benefit DOJ components and assist federal prosecution efforts in excessive use-of-force cases. Shortly before the report's release, Deputy Attorney General Lisa Monaco announced a new policy requiring its law enforcement officers to use BWC's when executing search and arrest warrants, which we believe is an important step toward increased transparency and accountability.

Accountability Among DOJ Employees

Holding Department personnel accountable for their misconduct remains an essential element of strengthening the public's trust in DOJ. Accountability is particularly challenging in instances where the Department employee retires or resigns before allegations of misconduct can be fully adjudicated. This challenge was acknowledged by FBI Director Christopher Wray in recent testimony before the Senate Judiciary Committee concerning the FBI's handling of the Nassar investigation. Indeed, a recent OIG review found that, in more than 10 percent of the misconduct cases pending before the FBI's Office of Professional Responsibility in Fiscal Years 2017 and 2018, the FBI employee retired or resigned prior to the disciplinary process being completed. We further found that the FBI's Office of Professional Responsibility closed those cases without regularly documenting substantiation decisions. We concluded that this FBI practice adversely impacted the FBI's ability to hold employees accountable for their misconduct, was unfair to employees wrongly accused, and wasted OIG and FBI resources. Adjudicating all cases to conclusion, as recommended by the OIG, will ensure that employees who choose to leave the FBI while under investigation cannot escape a finding of misconduct that could affect potential future employment and other benefits.

Retirement and resignation pose an additional challenge to the Department's ability to hold its employees accountable. The OIG does not have the authority under the Inspector General Act to compel the testimony of witnesses who are not currently employed by the Department. The lack of testimonial subpoena authority allows former DOJ officials to shield important information from independent oversight and limits the OIG's ability to secure statements from other critical non-DOJ witnesses, both of which detrimentally impact the OIG's ability to hold employees accountable for their misconduct and ensure that Department personnel are using their legal authorities appropriately. Testimonial subpoena authority would foster accountability and strengthen trust in the Department.

The OIG's work to protect whistleblowers from retaliation implicates both of the concerns cited above. Whistleblowers perform an important service for the public and the Department when they report evidence of wrongdoing, and they should never be retaliated against for making such disclosures. The OIG has primary jurisdiction to investigate allegations of reprisal by employees of the FBI and Department contractors and grantees, and we also seek to protect any employee who brings information to the OIG. These efforts are undermined when the subject of a reprisal claim retires or resigns during the course of a whistleblower investigation, undermining the OIG's ability to hold that official accountable, and, without the ability to compel testimony from non-DOJ witnesses, limits our ability to gather all relevant information related to the alleged reprisal. The recommendations and policy reforms cited above would improve our efforts to protect

Strengthening Public Trust in the U.S. Department of Justice

Maintaining Independence from Political Influence by Adhering to and Strengthening Policies Designed to Ensure Objectivity and Impartiality

Improving Public Trust Through Effective Law Enforcement, Adherence to Policies, Strong Interagency Coordination, and Vigorous Oversight

A Commitment to Transparency and Accountability Can Build Public Trust in the Department

conscientious whistleblowers and hold government and contractor officials accountable for retaliating against whistleblowers.

Finally, as noted in the 2020 TMPC report,another means of strengthening confidence in the Department is ensuring that attorney professional misconduct matters are handled no differently than misconduct allegations made against law enforcement agents or other DOJ employees. Currently the Department's Office of Professional Responsibility, a DOJ component that lacks the same statutory independence and protections as the OIG, has exclusive jurisdiction over allegations of misconduct by Department lawyers that relate to an attorney's responsibility to investigate, litigate, or provide legal advice. Independent oversight of Department lawyers is a step towards broader accountability and improved public trust in the Department.

The Department's efficacy as the guardian of the rule of law depends on maintaining the public trust in its integrity, impartiality, and ability to effectively administer justice. Strengthening policies and ensuring adherence to existing policies will assist the Department in maintaining and improving public trust in law enforcement's actions and decision. Robust oversight of the Department's policymaking, including policies designed to improve interagency coordination, can also help the Department meet this challenge. Improving transparency and accountability are two additional tools that the Department can rely on to strengthen the public's trust in its actions as well as the actions of its law enforcement components.

The Department's Contingency Planning Post-Pandemic

Lessons Learned about Pandemic Preparedness and Response

Responding to the rapidly evolving Coronavirus Disease 2019 (COVID-19) pandemic presented immediate and significant challenges for the Department of Justice (DOJ or the Department), some of which remain ongoing. The Department continues to face unprecedented and complex issues in meeting its responsibility to keep its employees, contractors, visitors, and workspaces safe. In addition to protecting its own workforce while continuing to perform its critical mission, most notably, DOJ encountered urgent and critical challenges arising from the pandemic in connection with its responsibility to maintain safe and secure custody of over 156,000 federal inmates and over 64,000 detainees (as of October 7, 2021) in the custody of the Federal Bureau of Prisons (BOP) and the U.S. Marshals Service (USMS). The pandemic also presented issues with the operation of the nation's immigration courts in a manner that minimized health risks to parties and employees, while preserving individual rights. The challenges confronted by the Department in responding to the COVID-19 pandemic can inform and refine its planning and preparedness for future emergencies and catastrophic events. The test for the Department is to apply lessons learned during the pandemic to date in addressing the ongoing issues presented by this public health tragedy, as well as to enhancing its contingency planning for other emergencies and catastrophic events.

Lessons Learned about Pandemic Preparedness and Response

The COVID-19 pandemic has forced the Department to evaluate policies and procedures to maintain the safety of its workforce and the public, and that effort remains ongoing. In March 2020, the Office of the Inspector General (OIG) shifted a significant portion of its oversight efforts toward assessing various DOJ components' responses to the emerging COVID-19 pandemic. Since that time, these efforts have been expanded to include areas such as the impact of COVID-19 on DOJ law enforcement and other Department operations. Through these reviews assessing various components' responses and handling of issues arising from the COVID-19 pandemic, the OIG has offered recommendations to help the Department strengthen its readiness for future pandemics and other catastrophic events.

Impact of COVID-19 on Department Operations

The OIG's oversight work revealed that the effects of the pandemic were felt across the Department, disrupting not only the operations of the BOP, USMS, and Executive Office for Immigration Review (EOIR), but also court proceedings, criminal investigations and prosecutions, and civil and administrative matters. As part of a review of the Department's pandemic readiness, the OIG conducted a survey of DOJ's law enforcement and litigating components to assess the effects of COVID-19 on operations. Survey results from the law enforcement agencies indicate that two-thirds of respondents believe COVID-19 has affected federal law enforcement operations, with the majority of respondents indicating that there had been no formal screening procedure for its agents. As a result, the OIG recommended

Law enforcement officers wear face coverings during Operation Washout in Roswell, New Mexico, in November 2020
Source: U.S. Marshals Service

The Department's Contingency Planning Post-Pandemic

Lessons Learned about Pandemic Preparedness and Response

action items such as implementing COVID-19 screening procedures and testing at worksites. The OIG is currently working on two surveys of DOJ litigating components to better understand the effects of COVID-19 and the anticipated work conditions for the post-pandemic work environment.

Although the unprecedented conditions of the pandemic could not be anticipated, the Department will need to be attuned to the effects of these conditions on its employees and on DOJ operations in its continued response to the pandemic, and its return-to-work planning. The OIG survey results and inspections revealed that DOJ will need to better prepare for possible future emergency and catastrophic events by, for example, addressing existing physical infrastructure and staffing issues, ensuring the availability of information technology (IT) resources, and having robust policies in place should a need arise again to physically distance and pivot to a virtual work environment.

BOP's Preparedness and Response to the Pandemic

The BOP is responsible for providing a safe and secure environment for the federal inmate population, and the safety of its staff. These responsibilities presented significant challenges during the pandemic, first among them being mitigating the spread of COVID-19 in its facilities. As of October 25, 2021, the Department was responsible for housing over 155,000 federal inmates and ensuring the safety of over 37,000 staff. Since the onset of the pandemic through October 24, 2021, according to OIG analysis of BOP data, the BOP has seen nearly 43,000 inmates and over 8,000 staff recover from COVID-19, while 265 inmates and 7 staff have died as a result of COVID-19.

In March and April 2020, the OIG initiated 16 remote inspections of facilities housing BOP inmates, including 11 BOP-managed facilities, 3 contract prisons, and 2 Residential Reentry Centers (RRC). The objective of the inspections was to evaluate the response to the pandemic at each inspected location. Between July 2020 and March 2021, the OIG issued 15 reports[1] providing the results of these inspections. In addition, beginning in October 2020, the OIG began posting to its public website a collection of interactive dashboards with updated data related to COVID-19 in BOP facilities.

FCI Terminal Island Converted UNICOR Facility
Source: BOP, with OIG enhancement

The OIG found common concerns among the facilities at which it conducted remote inspections. One of our repeated findings was the ineffective application of Coronavirus Aid, Relief, and Economic Security (CARES) Act and Attorney General authorities allowing expanded use of home confinement to mitigate the effects of COVID-19 in BOP facilities. In particular, the OIG determined that in some of the institutions inspected, the BOP failed to broadly consider home confinement for inmates with short remaining sentences, instead focusing its use of this authority

[1] One of the reports issued in November 2020 encompassed two remote inspections at FCCs Oakdale and Pollock.

The Department's Contingency Planning Post-Pandemic

Lessons Learned about Pandemic Preparedness and Response

primarily on inmates with enhanced vulnerability to the disease, which was one of the bases permitted by the Attorney General's directive. This reticence to using its home confinement authority is consistent with the results of prior OIG reviews on the BOP's use of its compassionate release and international treaty transfer authorities.[2]

In addition, the OIG found that infrastructure and supply issues impeded the BOP's ability to effectively respond to the pandemic. For example, BOP locations with open style floor plans (such as seen at Metropolitan Correctional Center Chicago, Federal Correctional Complex (FCC) Butner, and at FCC Oakdale), were faced with significant challenges mitigating the transmission of COVID-19. Other institutions had to contend with space limitations that affected the ability to allow for proper social distancing (as seen at Federal Correctional Institution (FCI) Terminal Island and Federal Medical Center (FMC) Fort Worth), which also had an impact on mitigation efforts. Multiple BOP and contract facilities dealt with issues around the availability or appropriate use of Personal Protective Equipment by staff or inmates (as seen at FCC Coleman, Metropolitan Detention Center (MDC) Brooklyn, Brooklyn House RRC, and Toler House RRC).

As discussed in greater detail in the Maintaining a Safe, Secure, and Humane Prison System section of this report, staffing shortages, including difficulty recruiting and retaining medical staff, have been a persistent challenge for the BOP. The OIG's remote inspections found that the existing staffing shortages significantly undermined the BOP's ability to respond to the pandemic and provide appropriate healthcare to inmates. For example, the OIG found that a rapid COVID-19 outbreak in April and May of 2020 at FMC Fort Worth resulted in a large number of inmates being transferred to local hospitals for treatment, which required correctional officers to be reassigned to local hospitals, thus creating staffing challenges that affected the response to the conditions. Additionally, the OIG's inspection at FCC Lompoc revealed that the preexisting shortage of medical staff was among the biggest challenges in mitigating COVID-19 transmission because of the burdens of screening inmates and staff members for COVID-19 symptoms while still providing routine medical care to the institution's approximately 2,700 inmates.

The OIG also found that BOP facilities did not consistently adhere to COVID-19 protocols to ensure the safety of staff and inmates. For example, at FCI Milan staff escorted at least one, and possibly more, inmates with COVID-19 symptoms to a local hospital without wearing appropriate Personal Protective Equipment, which potentially contributed to an increased risk of those staff contracting COVID-19 and the spread of COVID-19 within FCI Milan. In addition, we found that the BOP needs to provide clear and timely guidance to contract prisons and coordinate with various stakeholders, such as the federal courts, U.S. Attorney's Offices, public defender offices, and others to ensure a consistent and safe approach in emergency situations. The BOP can draw upon these OIG findings relating to infrastructure, staffing, supplies, health and safety protocols, and coordination with other criminal justice entities in its continuing efforts to mitigate the effects of COVID-19 at its facilities, and to prepare for other health and related emergencies.

The OIG is conducting further oversight of the BOP's response to the pandemic and expects to issue additional products to assist the BOP with improving its planning and preparedness for emergency conditions. First, the OIG is working on a capstone report that will draw conclusions and

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[2] Review of the Imp act of an Aging Inmate Population on the Federal Bureau of Prisons, Evaluation and Inspections Division 15-06 (Revised February 2016); The Federal Bureau of Prisons' Compassionate Release Program, Evaluation and Inspections Division I-2013-006 (April 2013).

Lessons Learned about Pandemic Preparedness and Response

make recommendations based on the OIG's findings from across the 15 published remote inspection reports. Second, while the OIG has released the results of a follow-up survey it conducted in 2021 of BOP institution staff, the OIG is completing, and will be publishing, a survey of BOP inmates seeking their perspectives about the BOP's response to the pandemic. Third, the OIG is undertaking a review examining the BOP's use of home confinement as a tool to mitigate the effect of the COVID-19 pandemic on the federal prison population. The review will assess the BOP's process for implementing the use of home confinement as authorized under the CARES Act, the process for its consideration of the eligibility criteria outlined in the Attorney General's March 26, 2020 and April 3, 2020 memoranda, 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. These products will provide the BOP with more information as it works to respond effectively to the ongoing COVID-19 pandemic, as well as in preparing for future catastrophic events that test the BOP's ability to fulfill its mission of providing a safe and secure environment for employees and inmates.

USMS's Response to the COVID-19 Pandemic

The USMS houses detainees in both state and local facilities via Intergovernmental Agreements (IGA) with state and local government detention facilities and in contract facilities across the United States. Facilities that house USMS detainees via IGAs are managed by the local and state authorities or, in some situations, a third-party contractor. Contract facilities are managed directly by the USMS's Prisoner Operations Division. Prior to the pandemic, IGA facilities were traditionally more challenging for the USMS to manage than contract facilities managed directly by the USMS's Prisoner Operations Division, due to the overall lack of influence and control of the IGA facilities.

The OIG's review of the USMS's response to the pandemic from April 2020 through August 2020 revealed that managing IGA operated facilities continues to be a challenge for the USMS. The USMS, therefore, may need to assess how it negotiates IGAs, not only to address cost issues that the OIG identified in prior reports issued in 2011 and 2007, but also to ensure the health and safety of USMS detainees during emergency situations such as the COVID-19 pandemic. In the 2020 review of the USMS's response to the pandemic, the OIG found that facilities managed via IGAs were weaker in the areas of pandemic preparedness, response, and prevention in comparison to the contract facilities. USMS officials told the OIG that it believed this difference was in large part due to the USMS's lesser influence on policies and practices at IGA facilities. The OIG also found that data such as prisoners quarantined due to suspected contact or exposure, staff exposure, and the availability of COVID-19 testing and N95 protective masks were being tracked daily at USMS contract facilities, while they were not tracked at the IGA facilities. As a result of the review, the OIG made six recommendations to the USMS to address issues occurring with its IGA facilities, including requiring the USMS to update its oversight plan for IGA facilities to incorporate the latest Centers for Disease Control and Prevention guidance and conduct in-person reviews of these facilities to ensure such guidance has been implemented. The USMS has implemented new policies and procedures to address the recommendations, which were all closed as of September 2021.

EOIR's Response to the COVID-19 Pandemic

EOIR conducts immigration court proceedings, appellate reviews, and administrative hearings to adjudicate immigration cases in compliance with the federal immigration laws. The OIG's oversight work underscored the

The Department's Contingency Planning Post-Pandemic

Lessons Learned about Pandemic Preparedness and Response

need for EOIR to prepare for future emergency and catastrophic events by modernizing its IT infrastructure, including its filing system and physical IT assets, such as laptop computers, and by improving communication with staff and the public. EOIR's antiquated, paper-based filing system lagged significantly behind other federal and state court systems, and left EOIR particularly vulnerable during the pandemic. Relatedly, the review found that EOIR was insufficiently equipped to enable its employees to conduct functions remotely by teleworking. EOIR did not initially have laptop computers to issue to a significant portion of its staff, and it struggled to adapt its IT infrastructure to accommodate remote work and hearing participation. While EOIR suspended certain dockets due to pandemic conditions, it continued to hear detained docket cases citing due process issues under the Fifth Amendment. Although EOIR judges had some discretion in deciding whether hearings on the detained dockets were postponed, the OIG found in our April 2021 report that filing deadlines remained in place for many immigration cases which, combined with EOIR's continued acceptance of paper filings, increased the risk of COVID-19 exposure, particularly for staff required to process hard copy documents in person. The OIG made nine recommendations to EOIR to modernize its case processing systems, expand the availability of electronic filing, and improve its capability to enable staff to accomplish appropriate tasks via telework. All nine of these recommendations remain open. Addressing these recommendations would better prepare EOIR to cope with emergencies such as the pandemic.

Maintaining a Safe, Secure, and Humane Prison System

Institutional Infrastructure, Physical Safety, and Security

Inmate Healthcare and Welfare

Staffing Shortages

Programs to Reduce Recidivism

The Federal Bureau of Prisons' (BOP) mission is to maintain a safe, secure, and humane prison system. The Coronavirus Disease 2019 (COVID-19) pandemic abruptly presented complexities to the BOP's ability to fulfill its mission, and the ongoing pandemic continues to challenge the BOP. Issues raised by the pandemic exacerbated, or diverted attention from, other longstanding challenges confronting the BOP, such as staffing shortages, contraband, inmate medical care costs, and infrastructure maintenance. We address the pandemic-related challenges facing the Department of Justice (DOJ or the Department) generally, and the BOP specifically, in The Department's Contingency Planning Post-Pandemic section of this report. Accordingly, we focus here on other critical challenges with which the BOP must contend.

Institutional Infrastructure, Physical Safety, and Security

The BOP's mission includes providing safe, humane, cost-efficient, and appropriately secure housing for inmates in its custody. This mission comes with several challenges, including managing the aging infrastructure of 122 institutions as well as implementing new technologies to detect and prevent security risks from entering the institutions. The Office of the Inspector General (OIG) continues to identify work deficiencies in the institutional infrastructure, physical safety, and security of BOP facilities. In a 2019 OIG inspection, we found that Metropolitan Detention Center (MDC) Brooklyn had long-standing unaddressed temperature regulation issues, causing temperatures to fluctuate above and below the BOP's target temperature throughout the facility. Although the BOP has taken some steps to address the infrastructure-related issues at MDC Brooklyn and system-wide that were identified in the report, seven of the nine recommendations remain open. The OIG recently initiated an audit to evaluate the acquisition and construction of new institutions, as well as expansion and maintenance of existing BOP institutions, including how BOP identifies and implements modernization and repair projects. Upon completion of this audit, the OIG expects to provide recommendations to BOP relating to issues presented by its aging facilities and infrastructure.

Another key component of the BOP's mission is to ensure the safety and security of inmates, staff, and the public in the confinement of convicted offenders. The OIG previously highlighted weaknesses in both the BOP's security camera system and its staff screening policy in a 2016 review of the BOP's contraband interdiction efforts. That review found that camera system deficiencies such as known blind spots affect the OIG's ability to secure prosecutions of staff and inmates in BOP contraband introduction cases and adversely impact the accessibility of evidence to support administrative or disciplinary action against staff and inmates. The review also found that the BOP lacked effective deterrence against staff introducing contraband. The 2016 report made 11 recommendations to strengthen the BOP's contraband detection and interdiction efforts, including one recommendation, which remains open, for the BOP to evaluate its existing security camera system to identify needed upgrades, and four recommendations, which also remain open, to strengthen its staff search policy. In June 2021, the OIG issued a Management Advisory Memorandum to the BOP identifying multiple security concerns at BOP camp facilities, including nonfunctional alarms and a lack of video surveillance on exterior doors. Although the BOP has made some progress implementing camera upgrades, because of the critical nature of this ongoing concern, in October 2021, the OIG issued a Management Advisory Memorandum to BOP recommending that it identify enhancements needed to address camera functionality and coverage deficiencies, provide cost projections to

Maintaining a Safe, Secure, and Humane Prison System

Institutional Infrastructure, Physical Safety, and Security

Inmate Healthcare and Welfare

Staffing Shortages

Programs to Reduce Recidivism

fund the upgrades, and include an estimated timeline for completion of the work.

Perimeter security fence at BOP facility
Source: DOJ OIG

Regarding BOP's staff screening deficiencies, an August 2021 Management Advisory Memorandum to the BOP identified urgent security concerns related to staff bypassing security screening upon entering a BOP facility during the night shift. Although this action by staff violated BOP staff screening procedures, it was known to management at the affected facility and tolerated due to staffing shortages. In its memorandum to BOP, the OIG reiterated its concern that BOP's failure to enforce strict staff screening procedures increases the risk that staff will jeopardize the safety and security of the institution, inmates, and other staff by introducing contraband into BOP facilities.

Other OIG work has found additional security-related issues. For example, the BOP continues to be vulnerable to the introduction of contraband via unmanned aircraft systems or drones, as identified in a September 2020 OIG audit. Indeed, in April 2021, as a result of an OIG investigation, a former BOP inmate pleaded guilty to participating in a conspiracy to use drones to smuggle contraband into BOP's Fort Dix prison. Recommendations from our September 2020 audit have not been closed. Additionally, in an audit of the BOP's perimeter security strategy and efforts related to the award of a security-related contract, the OIG identified a need for the BOP to improve its guidelines related to perimeter security and ensure that deficiencies identified and addressed at one facility did not also exist at other similarly situated facilities.

Inmate Healthcare and Welfare

The BOP has long faced challenges with issues surrounding provision of healthcare to inmates in its custody. The most recent manifestation of this issue arose during the pandemic and starkly demonstrated the challenges that the BOP and the Department face. In the OIG's remote inspections of 16 BOP-managed, contract, and Residential Reentry Center facilities, the OIG reported that medical and correctional staffing shortages undermined the BOP's response to the pandemic and impaired its ability to provide adequate medical care to inmates. For example, the remote inspection of MDC Brooklyn found the facility struggled to meet the medical needs of inmates who did not have COVID-19 due to the medical staffing shortage. The OIG made similar findings during inspections at Federal Medical Center Fort Worth, Federal Correctional Complex (FCC) Oakdale, and Federal Correctional Institution (FCI) Milan.

As described in a 2016 OIG review of BOP medical staffing challenges, we found that recruitment and retention of medical professionals is a serious challenge for the BOP in large part because it competes with private employers that offer higher pay and benefits, and because the BOP does not identify or address its recruiting challenges in a strategic manner or

Maintaining a Safe, Secure, and Humane Prison System

Institutional Infrastructure, Physical Safety, and Security

Inmate Healthcare and Welfare

Staffing Shortages

Programs to Reduce Recidivism

take full advantage of staffing flexibilities such as those available through the U.S. Public Health Service. To help the BOP address this challenge, the OIG recommended that the BOP develop strategies to assess and prioritize medical vacancies based on their impact on BOP operations and better utilize U.S. Public Health Service officers to address medical vacancies of the greatest consequence, including the use of incentives, assignment flexibilities, and temporary duty. Although the OIG has closed these recommendations, we continue to find that the BOP faces healthcare provider shortage challenges. For example, the remote inspection of MDC Brooklyn found that a shortage of medical staff hindered the screening of inmates and staff, and MDC Brooklyn struggled to meet the medical needs of non-COVID-19 inmates. Similarly, another OIG remote inspection revealed that at the onset of the COVID-19 pandemic, FCC Coleman operated with only 80 percent of its authorized medical staff, and positive cases exacerbated these staffing shortages.

In addition to challenges in staffing healthcare provider positions within the BOP, costs associated with outside medical providers and pharmaceuticals have been significant and increasing. Healthcare provider staffing shortages factor in the BOP's reliance on outside medical providers. The OIG is conducting an audit of the BOP's comprehensive medical services contracts with the University of Massachusetts Medical School (UMass), which provides offsite and onsite medical care to inmates at three BOP-managed facilities, to assess, among other things, UMass' performance in financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives.

Pharmacy at BOP facility
Source: BOP

Along with an increased need to use outside medical providers, rising pharmaceutical costs have been a burden on the BOP. The BOP attributes its increasing pharmaceutical costs to the increase in overall pharmaceutical industry prices and the aging inmate population. The best price for most drug purchases among federal agencies is the Big 4 price. Big 4 is a discounted government price that is currently accessible to only four government agencies by federal law. In the OIG's review of the BOP's pharmaceutical drug costs and procurement during Fiscal Year (FY) 2012 through FY 2018, the OIG found that, unfortunately, the BOP is not one of these agencies and is paying more for the drugs. The review found that the BOP had made efforts to obtain Big 4 pricing, but the Department was not actively pursuing Big 4 pricing on behalf of the BOP or its other components at the time the report was issued. Both the Department and the BOP must coordinate efforts in order for Congress to pass a statutory amendment to obtain Big 4 pricing. Our review concluded that the BOP's ability to control drug spending is impeded by its inability to obtain drugs at some of the lowest government pricing, by its drug procurement practices and lack of oversight of those practices, and by its insufficient collection and analysis of pharmacy data.

Maintaining a Safe, Secure, and Humane Prison System

Institutional Infrastructure, Physical Safety, and Security

Inmate Healthcare and Welfare

Staffing Shortages

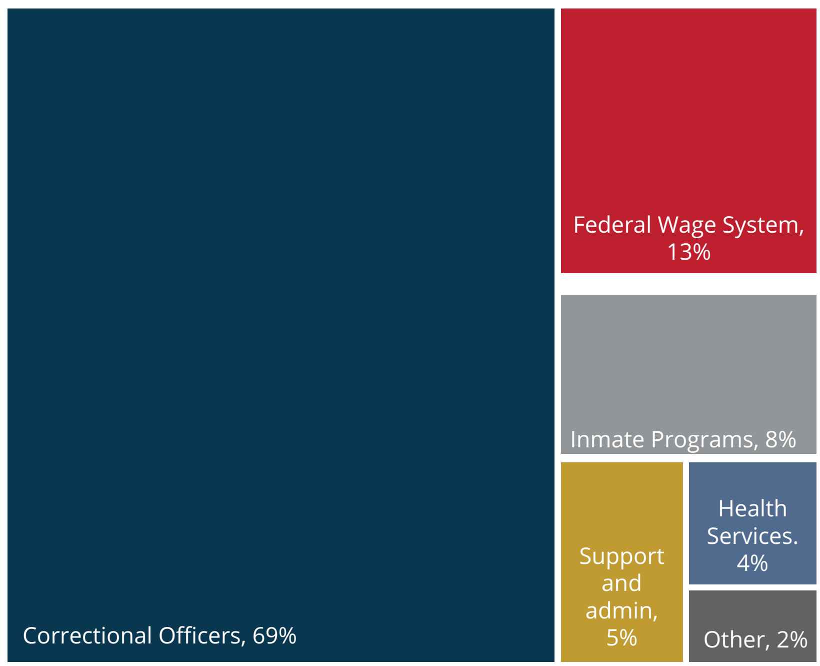
Programs to Reduce Recidivism

Staffing Shortages

Staffing and retention have been a persistent challenge for the BOP. Although the inmate population declined significantly by the end of FY 2020, BOP facilities still struggle with appropriate staffing levels. In a recent U.S. Government Accountability Office (GAO) report, the BOP stated that staffing challenges derive from the geographic locations of BOP institutions, hiring process delays, hiring freezes, and position eliminations. However, the GAO report found that the BOP did not analyze data of staff feedback including exit survey data, annual prison climate survey data, and Federal Employment Viewpoint Survey data to determine if there were additional factors to consider. The GAO concluded that the BOP needed to analyze the feedback as it may reflect additional or different causes and impacts of staffing challenges in the BOP.

Figure 1

Overtime Costs by Occupational Areas



Source: OIG analysis of the National Finance Center's payroll data

A recent OIG Management Advisory Memorandum regarding the BOP's overtime costs noted that inadequate staffing of correctional officer positions was an acute concern for the BOP. In particular, the OIG's analysis of the BOP's FY 2019 overtime costs showed that BOP staff worked over 6.5 million overtime hours, the equivalent of over 3,107 full-time positions. Overtime costs of correctional officers totaled almost 70 percent of the overall overtime costs incurred by the BOP, followed by overtime of BOP employees in positions related to maintaining its facilities, such as equipment maintenance and operations, electrical, and plumbing, as well as food preparation. As the OIG's memorandum makes clear, the BOP needs to develop a comprehensive strategy to address its staffing challenges.

These staffing shortages had a significantly greater impact on the BOP during the early months of the COVID-19 pandemic. For example, the OIG's inspection at FCC Lompoc revealed that the shortage of staff negatively affected the institution's ability to conduct screenings of inmates and staff members for COVID-19 symptoms while also providing routine medical

Maintaining a Safe, Secure, and Humane Prison System

Institutional Infrastructure, Physical Safety, and Security

Inmate Healthcare and Welfare

Staffing Shortages

Programs to Reduce Recidivism

care to the institution's approximately 2,700 inmates. The BOP undertook a temporary solution by deploying temporary duty travel staff from other BOP facilities to FCC Lompoc. A remote inspection report of FCC Oakdale found numerous staff absences during the COVID-19 outbreak, which ultimately forced some institution staff to work more than 40-hour straight shifts. Similarly, the remote inspection of FCI Milan found that 75 percent of its medical staff had contracted COVID-19 by early May 2021, and that COVID-19 staffing shortages among nonmedical staff hampered FCI Milan's efforts to restrict staff movement within the institution to prevent the spread of the virus.

Programs to Reduce Recidivism

Inmate programming is a necessary part of rehabilitation and preparation for reentry into society. That is particularly true for federal inmates because approximately 97 percent of them will reenter society at the end of their sentence. Consistent with that need, the BOP utilizes programs for education, reentry preparation, and religious needs, among others. However, the OIG's 2016 review of the BOP's Release Preparation Program (RPP) identified weaknesses in the BOP's RPPs, including the BOP's lack of a nationwide curriculum to ensure that RPPs across its institutions meet inmate needs, failure to coordinate with other federal agencies to provide access to services that incarcerated inmates need upon release, and inability to determine the RPP's effect on recidivism. Because of inconsistencies in the content and quality of RPP courses, we found that the BOP cannot ensure that all inmates receive the information they need to successfully transition back into the community. The OIG made two policy-related recommendations, both of which remain open. Further, BOP institutions continue to suffer from a lack of programming staff to sufficiently meet the inmates' needs. For example, a July 2021 OIG audit of the BOP's management of its Chaplaincy Services Program found that the BOP lacked service providers to adequately provide services for the diverse faiths found in the inmate population. We reported that 30 percent of its 122 institutions lacked appropriate chaplaincy services staffing under BOP guidelines, and that a lack of faith diversity among the BOP's chaplaincy staff left some inmate faith groups significantly underrepresented. Moreover, while it is critical for the BOP to understand whether its programs are effective in reducing the rate of recidivism so it can modify them as necessary and expand those that are most effective, the BOP has failed to publish a more recent recidivism study since its review of the residential drug treatment programs available to federal inmates in 2001.

The First Step Act of 2018 mandates that the BOP expand programming opportunities and partner with representatives from the community to ensure inmates can develop skills necessary upon release from the BOP. Thus, a significant challenge for the BOP and the Department is ensuring that it has sufficient programming to support inmate needs and meet the requirements of the First Step Act, while also ensuring that its programming is effective in helping inmates transition back into the community and in reducing recidivism.

Countering Domestic and International Terrorism and Safeguarding National Security

The Department's Preparedness and Response to Domestic Threats

Counterintelligence and Espionage

Disrupting and Defeating Foreign Terrorist Operations

Combatting Insider Threat and Unauthorized Disclosures

Persistent and increasingly sophisticated national security threats arising from malicious domestic and foreign actors can disrupt, degrade, or destroy American economic, socio-cultural, and political interests. Strengthening its ability to design and implement solutions in response to the vast array of national security threats that the country faces today remains a critical challenge for the Department of Justice (DOJ or the Department).

The Department's Preparedness and Response to Domestic Threats

According to the U.S. Department of Homeland Security, the primary terrorist threat inside the United States will stem from lone offenders and small cells of individuals, including Domestic Violent Extremists (DVE) and Homegrown Violent Extremists (HVE). The Federal Bureau of Investigation (FBI) considers DVEs and HVEs two distinct threats. The FBI Director explained in recent testimony that "individuals who commit violent criminal acts in furtherance of social or political goals stemming from domestic influences—some of which include racial or ethnic bias, or anti-government or anti-authority sentiments—are described as DVEs, whereas HVEs are individuals who are inspired primarily by global jihad, but not receiving individualized direction from Foreign Terrorist Organizations." According to the U.S. intelligence community, recent sociopolitical developments will almost certainly spur some DVEs to try to engage in acts of violence in 2021 and beyond. In recognition of the challenge it faces in this area, in June 2020, the Department established a Task Force to Combat Violent Anti-Government Extremism with the goal to understand both HVEs and DVEs "well enough that [the Department] can stop such violence before it occurs and ultimately eliminate it as a threat to public safety and the rule of law." Relatedly, the Department has recognized the intersecting threats of domestic terrorism and hate crimes. After receiving the recommendations from an internal departmental review and the enactment of the COVID-19 Hate Crimes Act and Jabara-Heyer NO HATE Act, Attorney General Merrick Garland issued a memorandum outlining the steps to enhance the effectiveness of DOJ's hate crimes enforcement.

The challenges facing the Department and FBI in this area were exemplified in a March 2020 OIG audit of the FBI's efforts to identify HVEs through counterterrorism assessments, which found that the FBI had not taken a comprehensive approach to resolving deficiencies in its counterterrorism assessment process. Following attacks conducted by individuals who had previously been assessed or investigated by the FBI, the FBI conducted reviews to evaluate its process for assessing potential HVEs, yet the Office of the Inspector General (OIG) found that the FBI had not fully implemented the recommendations that emerged from these prior reviews. Subsequently, the FBI conducted another review to evaluate the investigative thoroughness of closed counterterrorism assessments. While the FBI determined that 6 percent of the closed assessments did not adequately assess the potential threat, the OIG found that nearly 40 percent of those assessments went unaddressed for 18 months after the deficiencies were known to the FBI. The OIG also identified inconsistencies in the FBI's reevaluation of closed counterterrorism assessments, as well as emerging challenges that the FBI must address when assessing potential HVEs. The audit resulted in seven OIG recommendations that aim to assist the FBI in its efforts to identify HVEs through counterterrorism assessments. As of September 2021, all seven recommendations remain open.

Additionally, in September 2021, the OIG initiated an audit of the Department's strategy to address the DVE threat. The preliminary objectives of the audit are to: (1) evaluate the Department's efforts to develop a

Countering Domestic and International Terrorism and Safeguarding National Security

The Department's Preparedness and Response to Domestic Threats

Counterintelligence and Espionage

Disrupting and Defeating Foreign Terrorist Operations

Combatting Insider Threat and Unauthorized Disclosures

comprehensive strategy to address the DVE threat in the United States, and (2) determine if the Department is effectively coordinating among Department stakeholders on the implementation of its strategy. This audit will focus on Department-level efforts to coordinate an effective approach to identify, investigate, and prosecute DVE threats and promote information-sharing among Department components, as well as with the Department's federal, state, and local partners.

One of the most difficult aspects of combating acts of violence in furtherance of political and social goals is the fact that support for such acts can be closely connected to protected First Amendment speech or activity. Striking the balance between vigorously protecting the security of the nation without impinging upon freedom of expression and other civil liberties is particularly difficult in the context of these domestic threats. In June 2021, Attorney General Garland affirmed that the Department's focus in countering DVE threats is to prevent, disrupt, and deter unlawful acts of violence, regardless of motive, while also recognizing that safeguarding our country's civil rights and liberties is itself a vital national security imperative.

As the National Strategy for Countering Domestic Terrorism makes clear, "[i]n a democracy, there is no justification for resorting to violence to resolve political differences." The OIG's oversight of DOJ's efforts to confront the threat of violent acts in furtherance of political and social goals is ongoing. After the events at the U.S. Capitol on January 6, 2021, the OIG initiated a review that will examine information concerning the January 6 events that was available to DOJ in advance of January 6; the extent to which such information was shared by DOJ with the U.S. Capitol Police and other federal, state, and local agencies; and the role of DOJ personnel in responding to this event. The OIG's review will also assess whether there are any weaknesses in DOJ protocols, policies, or procedures that adversely affected the ability of the Department to effectively prepare for and respond to the events at the U.S. Capitol

Attorney General Garland is briefed by FBI Director Christopher Wray on the events of January 6
Source: DOJ

The OIG also initiated a review to examine DOJ's roles and responsibilities in responding to protest activity and civil unrest at Lafayette Square on June 1, 2020. This review will examine the training and instruction that was provided to 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. The OIG expects that its reporting on these matters will assist the Department with the delicate balancing of protecting the nation's security without sacrificing individuals' civil liberties.

Countering Domestic and International Terrorism and Safeguarding National Security

Counterintelligence and Espionage

The Department's strategic plan identifies hostile intelligence activities and espionage as one of the gravest threats to national security. In addition to foreign governments, hostile foreign actors include non-traditional collectors, foreign corporations, and transnational organized crime groups targeting non-government information. While the threats posed in this area are substantial, the challenge facing the Department and the FBI is that it also must be vigilant in ensuring that it follows policies and processes to ensure investigations are factually predicated and not based on ethnic profiling or other improper considerations. This challenge is exemplified in the OIG's 2019 review of certain aspects of the FBI's Crossfire Hurricane investigation, which demonstrated the importance of safeguarding our country's civil rights and liberties while countering the threats posed by hostile intelligence activities and espionage. Since the release of this report, the FBI has agreed with the report's findings and has already demonstrated its commitment to remedial action by implementing several new initiatives, including evaluating its Foreign Intelligence Surveillance Act (FISA) application and renewal processes and requiring training for employees who handle FISA matters. The OIG will continue to monitor these and other measures taken by DOJ and the FBI to ensure that each of the nine recommendations the OIG made in its review is fully implemented.

Disrupting and Defeating Foreign Terrorist Operations

Foreign terrorist organizations (FTO) continue to threaten the national security interests of the United States. According to the U.S. Department of Homeland Security, FTOs such as Al-Qaeda and the Islamic State of Iraq and ash-Sham (ISIS) will maintain a high interest in carrying out attacks within the United States. In disrupting and defeating FTOs, DOJ is likely to face many challenges ahead. For example, FTOs continue to probe for vulnerabilities in U.S. immigration and border security programs. FTOs are also increasingly using social media and other online platforms to motivate individuals residing within the United States to carry out acts of terrorism. Further, FTOs are likely to explore the use of unmanned aircraft systems or drones to threaten critical infrastructure or major population centers across the United States. Because of the pervasive threat presented by FTOs, the Department will need to be vigilant and strengthen its response to the national security threats FTOs present.

Throughout Fiscal Year (FY) 2020, the OIG completed several projects that identified several of the high-priority areas of improvement, and challenges, in the DOJ's overall counterterrorism posture for FTOs. For example, in two reports the OIG found that the BOP could take additional steps to mitigate the threat posed by inmates with known connections to terrorism. In March 2020, the OIG completed an audit of the BOP's monitoring of inmate communications to prevent radicalization, which found significant weaknesses in the designation and monitoring of inmates with a known nexus to domestic or international terrorist organizations. The OIG provided the BOP with 17 recommendations, including eliminating the automatic delivery of email to high-risk inmates, determining and maintaining an accurate count of international and domestic terrorists incarcerated at, or in transit to BOP facilities, and improving audio equipment in BOP visiting rooms utilized by terrorist inmates subject to Special Administrative Measure directives. As of September 2021, 13 of the 17 recommendations from this audit remain open.

Further, in July 2021, the OIG completed a report on the BOP Management and Oversight of its Chaplaincy Services Program, which found significant

Countering Domestic and International Terrorism and Safeguarding National Security

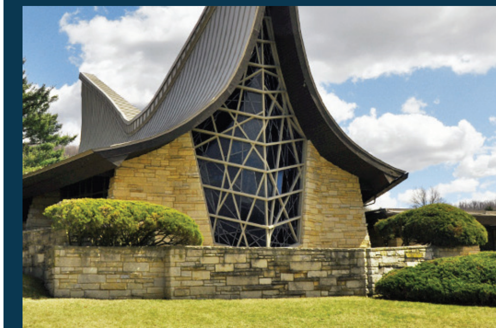
The Department's Preparedness and Response to Domestic Threats

Counterintelligence and Espionage

Disrupting and Defeating Foreign Terrorist Operations

Combatting Insider Threat and Unauthorized Disclosures

deficiencies in the BOP's ability to prevent inmate access to prohibited content that advocated violence and religious extremism. The OIG also found that the BOP's internal policies do not restrict certain inmates from leading religious services and appear to be inconsistent regarding the level of required monitoring. For example, the OIG found that some institutions permitted inmates with a known nexus to international or domestic terrorism to lead religious services thereby creating a risk that, without clear policy and consistent monitoring efforts, these high-risk inmates could use their religious leadership roles to engage in prohibited activities or as a method to obtain power and influence among the inmate population. The OIG made five recommendations to the BOP to improve the delivery of religious services to the inmate population and to help diversify and alleviate shortages in its chaplain staff.



BOP chapel facility
Source: BOP

The OIG has previously found areas for improvement in the FBI's response to terrorist threats. In FY 2019, the OIG completed an audit of the FBI's Management of Maritime Terrorism Threats, and found significant weaknesses that may create an environment in which the FBI could underestimate the risks, threats, and vulnerabilities to the Maritime environment, and miss opportunities to gather intelligence and take actions that could help keep the nation's ports and Maritime assets safe. The OIG made nine recommendations designed to strengthen the FBI's Maritime counterterrorism activities, all of which have been closed.

Combatting Insider Threat and Unauthorized Disclosures

DOJ also faces the challenge of continuing to position itself to detect, deter, and mitigate insider threat risks, which continue to present significant harm to the security of the United States. In its strategic plan, the Department acknowledges insider threats can take on many forms including media leaks, espionage, the unauthorized disclosure of classified information, the theft of intellectual property, violations of export controls or sanctions, or the loss or degradation of Department resources or capabilities. While insider threats and unauthorized disclosures present a serious challenge, the Department must also remain committed to upholding whistleblower rights and protections that allow for DOJ employees or DOJ-affiliated individuals to report wrongdoing in accordance with the laws and rules that govern the release of both unclassified and classified information.

To assist the Department in strengthening its ability to counter insider threats and unauthorized disclosures, the OIG examined the FBI's Insider Threat Program in order to assess insider threat internal controls in 2017. The OIG determined that the FBI needed to improve performance metrics, ensure that insider threats are handled and monitored in a systematic way, pursue technological solutions for stand-alone systems, conduct a comprehensive inventory of classified information technology assets, and monitor user activity over all classified systems and networks. In August 2020, the OIG sent the FBI a memorandum pausing follow-up on these recommendations due to the Coronavirus Disease 2019 pandemic. At that time, all of the recommendations remained open.

Countering Domestic and International Terrorism and Safeguarding National Security

The Department's Preparedness and Response to Domestic Threats

Counterintelligence and Espionage

Disrupting and Defeating Foreign Terrorist Operations

Combatting Insider Threat and Unauthorized Disclosures

Further, the Department must maintain proper oversight of actions by federal employees or DOJ-affiliated individuals entrusted with national defense information, including contracting staff. The OIG issued a Management Advisory Memorandum in February 2021 after becoming aware that Drug Enforcement Administration (DEA) contractors were not obligated to annually renew their On-Site Contractor Responsibilities document, which prohibits contract employees from engaging in personal and business associations with persons known to be convicted felons or associated with criminal activity. The OIG found this information concerning, as contracting staff are capable of holding sensitive, classified information. The DEA took corrective action and the two recommendations directed towards the DEA were closed in September 2021. The loss, theft, or unauthorized disclosure of classified information by Department employees or contractors can pose a grave threat to the national security of the United States.

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

Responding to Known, Evolving, and Novel Threats

Challenges Investigating and Prosecuting Cybercrime

Strengthening the Department's Cyber Capabilities and Defenses

Cyber breaches and attacks represent a growing threat to individual privacy, economic interests, and national security and is one of the most significant challenges facing the Department of Justice (DOJ or the Department). As outlined in Executive Order (EO) 14028, Improving the Nation's Cybersecurity, the "United States faces persistent and increasingly sophisticated malicious cyber campaigns that threaten the public sector, the private sector, and ultimately the American people's security and privacy." As a member of the law enforcement and intelligence community, and as the holder of sensitive and classified information, the Department has a significant responsibility to combat threats such as cyber supply chain attacks and ransomware and to investigate and prosecute cybercrime. Other facets of the cyber-related challenges facing DOJ are safeguarding sensitive and classified data and strengthening its information technology (IT) systems. In order make these things possible, the Department needs to recruit and retain cyber talent.

Responding to Known, Evolving, and Novel Threats

The Department faces the challenge of leveraging law enforcement, legal, IT, and intelligence resources to bring perpetrators of cybercrime to justice while also protecting the privacy of everyday Americans and engaging in lawful cybersecurity practices. To better position itself to respond to these challenges, the Department has launched a strategic cyber review.

Threat of a Cyber Supply Chain Attack

Cyber supply chain attacks are a significant concern to the Department. For example, in December of 2020, the FBI made a joint statement along with the Cybersecurity and Infrastructure Security Agency and the Office of the Director of National Intelligence about a significant cyber threat to users, including DOJ and other federal agencies, of the SolarWinds Orion incident, which was attributed to the Russian Foreign Intelligence Service (SVR). Also in December 2020, the U.S. Government Accountability Office (GAO) released a report assessing cyber supply chain management that identified 7 practices for providing an agency-wide approach to managing supply chain risks and made a total of 145 recommendations to 23 agencies to fully implement these foundational practices in their organization-wide approaches. The GAO found that none of the agencies it reviewed, including DOJ, had fully implemented all of the practices.

Recently, the Office of the Inspector General (OIG) initiated an audit of DOJ's cyber supply chain risk management efforts. The objectives of this audit are to determine the extent to which the Department, through the Justice Management Division and the Federal Bureau of Investigation (FBI), implemented an organizational supply chain risk management program that identifies, assesses, mitigates, and responds to supply chain risk throughout the IT lifecycle. Carefully reviewing and considering GAO's recommendations, as well as the OIG's upon the completion of our audit, will assist the Department in addressing this challenge.

Threat of Ransomware

Another threat to the Department, as noted by Deputy Attorney General Lisa Monaco in her remarks on June 7, 2021, are ransomware attacks,[3] which have increased in both scope and sophistication in the last year and pose a threat to U.S. national and economic security. As a result of this threat, the Department has provided guidance for ransomware and digital extortion investigations and recently launched a Ransomware and Digital Extortion Task Force to help bring the full authorities and resources at its disposal to confront the issue of ransomware and digital extortion. This year, DOJ investigators successfully seized $2.3 million in cryptocurrency paid to the

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

Responding to Known, Evolving, and Novel Threats

Challenges Investigating and Prosecuting Cybercrime

Strengthening the Department's Cyber Capabilities and Defenses

Colonial Pipeline attackers in a successful operation. This evolving threat is substantial, and the joint DOJ and the U.S. Department of Homeland Security ransomware resource, StopRansomware.gov, announced in July 2021, is a positive step toward raising awareness to defend against it. The challenge for the Department is to continually develop innovative approaches to defend against the technologically sophisticated and innovative bad actors who deploy destructive ransomware attacks.

Cybersecurity and Infrastructure Security Agency (CISA) ransomware awareness campaign
Source: CISA

Emerging Technology

Technology is everchanging and therefore presents an evolving threat landscape and additional challenges for the Department. New technologies such as artificial intelligence, unmanned aircraft systems or drones, cryptocurrencies, new encryption technologies, and 3-D printed firearms also present a new challenge for the Department.

Evolving 3-D printing technology is making it both more affordable and capable to print lethal firearms. This technology is therefore poised to provide an opportunity for prohibited individuals to make weapons that are undetectable by metal detectors and lack serial numbers, making them effectively untraceable. In light of this emerging technology challenge for the Department, the OIG is auditing the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) monitoring of 3-D firearm printing technology. The purpose of the audit is to evaluate the effectiveness of ATF policies and procedures regarding the monitoring and mitigation of risks presented by 3-D firearms printing technology and trafficking.

Among the continuing technology challenges for the Department is illegal activity on the dark web, including the use of cryptocurrencies for criminal transactions, which presents ongoing challenges to U.S. law enforcement agencies and their international partners. In December 2020, the OIG released a report on the FBI's strategy and efforts to disrupt illegal activities on the dark web. Among the issues identified in the report was the challenge of how the Department can most effectively utilize finite resources to investigate cryptocurrency on the dark web. According to the FBI, investigations involving the illicit use of cryptocurrency have increased from 15 cases in 2015 to over 350 cases in 2019 and resulted in the seizure of over $100 million in cryptocurrency. We found that rising costs of cryptocurrency support for dark web investigations, particularly licensing costs for analytic tools, and static funding from the Assets Forfeiture Fund resulted in disagreement between two FBI teams on the prioritization of resources and revealed concerns that they are conducting redundant work. The OIG recommended that the FBI complete its development of the FBI-wide cryptocurrency support strategy to better address this emerging technology challenge. This strategy is still in progress as of September 2021.

In light of the growing predominance of cryptocurrency in illegal Internet activities and the corresponding increase in cryptocurrency seizures, this emerging technology also presents the challenge of adapting traditional

[3] Ransomware is malicious software that denies access to a user's data by encrypting the data followed by cyber actors demanding a ransom to restore access to that data.

methods for managing seized assets. In recognition of this challenge, the OIG has initiated an audit to evaluate the U.S. Marshals Service (USMS) management of seized cryptocurrency. The audit will assess the effectiveness of USMS's policy and procedures for safeguarding, tracking, storing, valuing, and disposing of seized virtual currencies in its custody; and evaluate the USMS's plans to use a contractor to manage seized cryptocurrency.

Further, the growing role of emerging technologies in international criminal enterprises caused Congress to task GAO with studying human trafficking and the role that artificial intelligence, cryptocurrency, and online marketplaces, among other emerging technologies, play in trafficking.

Challenges Investigating and Prosecuting Cybercrime

The Department has several challenges to overcome when prosecuting and investigating cybercrime, including determining jurisdiction of the crime and offender, underreporting of incidents, lengthy and expensive investigations, evidence preservation, encryption, money laundering, and tracking digital currency. In addition, the sheer number of allegations related to these crimes continues to increase. According to an FBI press release, there were 791,790 complaints of suspected Internet crime in 2019, with an estimated loss of $4.2 billion dollars, and over the last 5 years, the FBI's Internet Crime Complaint Center reports that over 2.2 million complaints were reported to it with estimated losses totaling over $13.3 billion. According to the FBI, the highest incidents of Internet crime in 2020 were phishing scams, non-payment/non-delivery scams, and extortion.

Partnerships

Another challenge that the Department faces in investigating cyber threats is forming partnerships with private sector entities, state and local law enforcement, other federal agencies, and international law enforcement counterparts, including the International Criminal Police Organization (INTERPOL). As FBI Director Christopher Wray noted in his remarks at a September 2020 cybersecurity summit, cybersecurity requires "an enterprise approach—one that involves government agencies, private industry, researchers, and nonprofits, across the U.S. and around the world." In order to combat this issue, the FBI leads the National Cyber Investigative Joint Task Force, bringing together 30 co-located agencies from the Intelligence Community and law enforcement to develop a whole-of-government approach. A prior OIG audit of an FBI cyber initiative found that both FBI and the private sector found that information sharing remained a challenge, and we therefore recommended that the FBI expand private sector outreach to develop an environment that promotes information sharing and collaboration. With an increase in cybercrime and the growing complexity and international nature of such activity, it is important for DOJ to continue to maintain and develop further robust partnerships worldwide.

Technological Tools

The Department also faces the challenge of appropriately using technological tools to overcome challenges presented in investigating cybercrime. One continuing challenge the Department faces when investigating cybercrime is the use of encryption communication tools. Encryption is the process of hiding information by encoding it and only allowing someone with a key to unlock that code to access the information. Encryption presents an increasing challenge for Department law enforcement components, both in terms of their ability to access encrypted information relevant to a criminal investigation and because of the civil liberties and privacy issues presented.

Another tool presenting a challenge is the use of facial recognition technology, which can be used to help improve overall safety, protect critical infrastructure, and make criminals' online activity harder to conceal. However, the technology has raised many privacy concerns, including that it may be used without a subject's knowledge or consent, and has been subjected to increased criticism by non-law enforcement organizations, which have raised issues related to potential bias and perceived misuse by government.

The challenges facing federal agencies was highlighted in a recent GAO review of facial recognition technology. It found that there are various types of uses of facial recognition technology among 42 government agencies and that there is no common policy to govern its usage. The GAO made 2 recommendations to 13 federal agencies, including the DEA, FBI, and ATF, to implement a mechanism to track what non-federal systems are used by employees and assess the risks of using these systems. Implementing GAO's recommendations would assist the Department in addressing some of the challenges presented in using advancing technology.

Strengthening the Department's Cyber Capabilities and Defenses

Persistent and increasingly sophisticated cyber actors can disrupt, degrade, or destroy American economic, socio-cultural, and political interests. To continue to strengthen its cybersecurity posture, the Department faces multiple challenges, including enhancing its coordination and information-sharing, safeguarding data, and enhancing its cybersecurity physical and human capital infrastructure.

To assess DOJ's response to these challenges, the OIG recently initiated a review of the Department's efforts to coordinate the sharing of information related to combatting malign foreign influence in U.S. elections. This review will assess the effectiveness and resilience of the Department's information-sharing system; evaluate the Department's oversight, management, and coordination of its activities to respond to malign foreign influence on elections; and identify any gaps in or duplication of its information sharing efforts.

DOJ also faces the challenge of continuing to implement requirements outlined in the EO 14028, Improving the Nation's Cybersecurity. For example, Section 3 of the EO requires federal agencies to advance towards a Zero Trust Architecture, a security model that eliminates implicit trust in any one element, node, or service and requires continuous verification of the operational picture via real-time information from multiple sources. DOJ will need to invest in both technology and personnel to match these modernization goals. Another facet of the challenge the Department faces regarding its cybersecurity infrastructure is its need to improve its management of IT acquisitions and operations, something that the GAO identified in its March 2021 high-risk series update and an April 2021 study. The Department has recently taken steps to strengthen its ability to respond to cyber threats related to IT acquisitions.

Safeguarding Data and Information Systems

The Department has a responsibility to appropriately safeguard its data and information systems, which contain many different categories of sensitive data, including information that is personally identifiable, law enforcement sensitive, and classified. DOJ therefore needs to continue to prioritize efforts to safeguard the large volume of classified, law enforcement sensitive, and privacy protected information stored, transmitted, or

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

Responding to Known, Evolving, and Novel Threats

Challenges Investigating and Prosecuting Cybercrime

Strengthening the Department's Cyber Capabilities and Defenses

accessed by DOJ personnel every day. The Federal Information Security Modernization Act (FISMA) requires each federal agency to develop and implement an agency-wide information security program. Throughout Fiscal Year (FY) 2020, as required by FISMA, the OIG continued to assess the effectiveness of DOJ's information security program and practices. In FY 2020, the OIG assessed many different component-specific information systems, including those belonging to ATF, Civil Rights Division, FBI, Justice Management Division, National Security Division, and USMS. A majority of the FY 2020 FISMA audits led to at least one recommendation designed to strengthen component-specific information systems.

The onset of the Coronavirus Disease 2019 pandemic presented the Department with an unexpected challenge, as the number of its employees working remotely increased exponentially. The sudden shift to remote work and corresponding increase in the use of remote-access software created additional data and information system vulnerabilities. The OIG's ongoing FISMA FY 2021 audits include an assessment of vulnerabilities created or exacerbated by DOJ's use of remote-access software to facilitate telework during the pandemic, and whether any such vulnerabilities were effectively mitigated.

Recruitment and Retention of Cybercrime Focused Prosecutors, Analysts, and Agents to Address Human Capital Weaknesses

The Department is facing an increased need for qualified cybersecurity professionals, but hiring, retaining, and training cybersecurity professionals has been a longstanding challenge in the federal government. As the Department continues to strive to adapt to the rapidly changing cybersecurity world, it continues to recognize the importance of strengthening the workforce. The interagency Chief Information Officer Council examined the primary challenges facing the federal IT workforce and highlighted them in the Future of Federal IT Workforce Update (Workforce Update). The Chief Information Officer Workforce Update outlines five pillars of an effective federal IT workforce, which include recruitment and hiring, retention, training, augmenting, and measuring success. Additionally, the report stated that all IT workers require some security knowledge and protections such as the basic sharing of unclassified documents all the way to defending the nation's critical IT assets. More recently, in an effort to recruit prosecutors and attorneys equipped to handle emerging national security and criminal cyber threats, the Department announced the creation of a new Cyber Fellowship program, which will provide selected attorneys experience combatting these threats. Fellows will be rotated through multiple department components and handle a broad range of cyber cases and gain a comprehensive understanding of the Department's response to emerging and critical threats.

FBI Cyber Division personnel
Source: FBI

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

Responding to Known, Evolving, and Novel Threats

Challenges Investigating and Prosecuting Cybercrime

Strengthening the Department's Cyber Capabilities and Defenses

Because IT work has a security and protection function and also requires specialized legal expertise, it is critical that the Department continue to recruit, retain, and train IT and legal experts in cybersecurity to ensure continued protection from future cyber-related incidents.

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

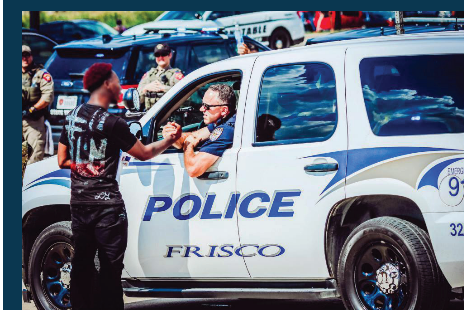
Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

The Department of Justice (DOJ or the Department) has consistently considered combatting violent crime as a significant priority. Just as consistently, strengthening police-community relationships, compiling timely and accurate data, fostering increased coordination and information-sharing, and performance-based metrics have proven to be important components of a successful strategy to reduce the effects of violence in communities. These areas continue to present challenges for the Department.

Enhancing Trust in Police-Community Relationships

A pressing challenge facing the Department is how to strengthen trust between the police and communities. Enhancing trust is critical because a constructive relationship between the police and the communities they serve is essential to effective policing. This is not a new challenge. In last year's Top Management and Performance Challenges (TMPC) report, the Office of the Inspector General (OIG) identified strengthening public confidence in law enforcement and protecting civil liberties as a challenge and, in the TMPC reports from 2015-2018, the OIG also identified building trust and improving police-community relations as a challenge.



Frisco, Texas, police officer shakes hand of community member.
Source: Community Oriented Policing Services Photo Contest; Kelly Clark; Courtesy of Frisco (TX) Police Department

The Department has recognized the importance of the public's trust. In May 2021, the Department announced a violent crime reduction strategy and identified enhancing public trust and legitimacy as one of the strategy's foundational principles. The Presidential Commission on Law Enforcement recognized in its December 2020 final report that "[t]here are grave consequences when communities lose their trust in law enforcement" and that "[m]uch work remains for law enforcement to optimize community trust and to improve practices." This finding is significant because, as the OIG noted in last year's TMPC report, the Commission was criticized for its lack of input from key stakeholders, including civil rights groups and police reform advocates.

As discussed in last year's TMPC report, the Department can build and maintain the public's trust in law enforcement at all levels—federal, state, and local—in several ways, including leading by example, addressing civil right violations by police, and grants and technical assistance that improve the relationship between police and communities. Additionally, body worn cameras (BWC) are an important tool that can increase transparency and accountability and, thus, can assist in fostering a positive relationship between the police and communities. Prior to June 2021, as detailed in the OIG's audit of the Department's BWC program, DOJ had no policy governing BWC use or BWC programs in place for its own law enforcement agencies. In June 2021, shortly before the OIG's audit report was publicly released, Deputy Attorney General Lisa Monaco issued a memorandum requiring components to develop and submit BWC policies for approval and implementation. In September 2021, the Department announced the launch of its first phase of BWC implementation beginning with two Bureau of Alcohol, Tobacco, Firearms and Explosives field divisions. The Drug

Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), and U.S. Marshals Service (USMS) will also introduce the first phase of their use of BWC in pre-planned law enforcement operations. Also in September 2021, the Executive Office for U.S. Attorneys (EOUSA) hosted a national BWC training, which provided background on the new Department policy and DOJ agency perspectives, as well as training in the areas of discovery, victim issues, intake/charging, and use of BWC evidence in court. The Department can set an example for use of BWC by establishing successful programs that engender public trust.

The Department can also lead by example in other areas beyond the use of BWC. For example, in September 2021, the Department announced a Department-wide policy that limits circumstances in which federal law enforcement can use certain physical restraints and entry techniques. The Attorney General recognized that this new policy, combined with the expansion of the use of BWC, "are among the important steps the department is taking to improve law enforcement safety and accountability."

While the overwhelming majority of law enforcement officers are dedicated public servants, who make great sacrifices to protect their communities, the Department has tools it can deploy to assist in building trust between law enforcement and the communities they police by appropriately and effectively seeking accountability in those instances when systemic or individual abuses occur. For example, under 34 U.S.C. § 12601 (formerly 42 U.S.C. § 14141), the Civil Rights Division (CRT) is empowered to investigate law enforcement agencies for patterns or practices of unconstitutional policing and bring civil actions. To that end, in April 2021, the Department announced an investigation of the City of Minneapolis, Minnesota, and the Minneapolis Police Department that will assess, among other things, all types of force used by the police department's officers and whether the police department engages in discriminatory policing. In April 2021 and September 2021, the Department released internal guidance that sets out principles to guide the Department's use of consent decrees and monitorships with police departments. In addition, the Department's CRT can seek to hold individuals accountable through prosecution for criminal violations of civil rights statutes. The monumental challenge for the Department in this context is to continue to support the essential work of law enforcement officers who selflessly, effectively, and even-handedly serve their communities, while taking steps to protect the public from those officers who misuse their authority.

Finally, the Department can provide grants and technical assistance to local police that help to reduce violent crime while also improving police-community relationships. In its May 2021 violent crime strategy memorandum, the Department recognized the role of grants in helping reduce gun violence and violent crime "[b]y funding research, investing in prevention and intervention programs, and supporting state and local officials through training and technical assistance." The Department's grantmaking components, such as the Bureau of Justice Assistance, the Office on Violence Against Women, and the Office of Community Oriented Policing Services (COPS Office) can also fund programs that help to grow the public's trust in law enforcement. The COPS Office offers several resources to help police departments build community trust, such as the Community Policing Development Program and the COPS Hiring Program. The Department can further enhance the public's trust in law enforcement, and address this challenge, by ensuring that it provides oversight and accountability regarding the use of federal funds by state, local, and tribal law enforcement agencies and other grant recipients. To that end, the Department recently directed its CRT and grant-making components,

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

including the COPS Office, to commence a review of the Department's implementation and administrative enforcement of Title VI of the Civil Rights Act of 1964 and the nondiscrimination provisions of the Omnibus Crime Control and Safe Streets Act that prohibit recipients of federal financial assistance from discriminating against any person on the basis of race, color, or national origin, among other bases.

Increased Coordination and Information-Sharing

Information sharing and coordination among federal, state, and local entities is essential in combating crime, particularly for complex domestic and international criminal activity, and remains a significant challenge for the Department. Unfortunately, a number of OIG reviews have identified significant issues that can arise when coordination and information sharing does not effectively occur. For example, in July 2019, the DOJ OIG and the U.S. Department of Homeland Security (DHS) OIG conducted a joint review examining law enforcement cooperation on the Southwest border between DOJ's FBI and DHS' Immigration and Customs Enforcement's Homeland Security Investigations (HSI), which identified cooperation failures between the FBI and HSI and factors that may have contributed to the failures. Among other things, the joint report found that the FBI and HSI had inconsistent practices, lacked specific policies, and many agents were unaware of requirements related to deconfliction of investigative targets and events. Further, DOJ and DHS do not have a memorandum of understanding related to cooperation on the Southwest border. Although the FBI has agreed with this recommendation and provided a response, HSI has not concurred and the recommendations remain open. More recently, the OIG's investigation and review of the FBI's handling of allegations of sexual abuse by former USA Gymnastics physician Lawrence Gerard Nassar found that FBI officials in multiple offices failed to expeditiously notify state and local law enforcement about the allegations, and other FBI field offices with stronger jurisdictional links to the allegations failed to mitigate the ongoing danger posed by Nassar. Additionally, the OIG's review of the Department's implementation of its Zero Tolerance Policy found that DOJ leadership did not effectively coordinate with the Southwest border U.S. Attorney's Offices, USMS, U.S. Department of Health and Human Services, or the federal courts prior to urging DHS to implement the practice of referring family unit adults to DOJ for prosecution. This lack of coordination resulted in, among other things, the Department failing to carefully and appropriately consider the effects of family unit prosecutions and child separations. The OIG recommended, among other things, that prior to issuing a significant policy affecting multiple Department components, other Executive Branch agencies, or the courts, that the Department coordinate directly with affected stakeholders to ensure effective implementation.

Sharing information in an effective way to eliminate gaps and provide value to an investigation and ultimately produce results is the key to reducing crime. This requires actions, such as information-sharing agreements, that result in better cooperation to foster better results in criminal investigations domestically and abroad, and it remains one of the more significant challenges facing the Department.

Strategic Management and Oversight of DOJ's Partnerships with Foreign Law Enforcement

As noted in its strategic plan, "DOJ has long recognized that the peace and security of the United States is strengthened by the development of professional foreign law enforcement partners that practice the most modern law enforcement techniques and respect and uphold the rule of law." The Department's ability to meet and defeat the growing threat posed

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

by transnational crime will require strategic management and robust oversight of DOJ's increasingly frequent interactions with foreign law enforcement partners.


A Thai police officer attends FBI-sponsored training in Chiang Mai, Thailand
Source: FBI

One of the Department's initiatives to combat global crime is focused on promoting the rule of law through grants and law enforcement training programs. DOJ must be careful to ensure that its expanding authorities in international arenas result in fully coordinated training and assistance with sufficient monitoring efforts. A recent report issued by the U.S. Government Accountability Office recommended that State Department, U.S. Agency for International Development, DOJ, and other agencies involved in providing rule of law assistance, coordinate their efforts effectively—including involving all relevant entities—because such coordination is key to providing assistance in an efficient and accountable way.

A second strategy to meet this challenge focuses on developing effective foreign law enforcement partners on whom the Department can rely to help target and disrupt transnational drug trafficking organizations impacting the United States. For example, the DEA relies on international partnerships, such as Sensitive Investigative Units (SIU) and Non-SIU Vetted Units (VU), to target and disrupt transnational drug trafficking organizations, conduct bilateral operations, coordinate Judicial Wire Intercept Programs, and gather intelligence on illicit drug smuggling into the United States. According to its most recent budget request, the DEA works with over 900 SIU members. While the DEA's activities with its foreign partners are integral to the DEA's global operations, the DEA's involvement with and funding of foreign law enforcement units in areas known for pervasive corruption can pose significant risks to DEA personnel, information security, the safety of U.S. and foreign civilians, and diplomatic relations. It can also undermine the DEA's and Department's ability to meet the challenge of addressing transnational crime.

These problems were highlighted in an August 2021 OIG report that evaluated the effectiveness of the DEA's headquarters-based oversight of DEA-supported foreign law enforcement units, including SIUs, VUs, and other less-structured initiatives. During the audit timeframe of Fiscal Years (FY) 2017-2019, the DEA had SIUs in 15 countries, VUs in 8 countries, and numerous other partnerships throughout the world. The OIG found that headquarters-based management and oversight of supported law enforcement units was insufficient for the high-risk environment in which the units operate. In addition, the DEA lacks a comprehensive strategy for these programs, which impedes its ability to make well-informed decisions, effectively manage its foreign partnerships, and demonstrate the collective success of DEA-supported operations. The OIG made 10 recommendations designed to improve, among other things, the DEA's reporting and tracking of critical incidents involving DEA-supported foreign law enforcement units, written policies and protocols, and tracking and assessing performance. Additionally, the OIG recommended the DEA conduct a comprehensive risk assessment of DEA's efforts to provide assistance to foreign law enforcement units.

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

As the threat of transnational crime continues to increase, the Department will continue to need to engage with foreign law enforcement partners more frequently. It will remain a challenge for the Department to ensure that interactions and relationships with foreign law enforcement partners are effectively managed and appropriately overseen.

Effective Coordination and Evidence-Sharing with Foreign Partners
Coordinating and sharing evidence with foreign authorities is critical to protecting Americans against serious crimes, including transnational criminal organizations, violent gangs, drugs, cybercrime, child exploitation, corruption, fraud, and money laundering. Accordingly, the Department must continue to address the challenges associated with effectively coordinating with foreign partners to protect against and solve serious crimes.

Mutual legal assistance (MLA) requests are one of the most widely used mechanisms for acquiring information and evidence internationally in criminal investigations and prosecutions, including witness statements, sworn testimony, and business records of entities located outside the requesting country. MLAs have become increasingly important to law enforcement as criminal activity more frequently crosses international borders. Given the increased number of incoming MLA requests from foreign countries, rising caseloads, and forthcoming responsibilities pursuant to agreement under the Clarifying Lawful Overseas Use of Data Act, a significant challenge for the Department is ensuring that the Criminal Division's Office of International Affairs' (OIA) can meet these growing demands. In July 2021, the OIG released a report that examined OIA's management of MLA requests from foreign law enforcement authorities. The OIG found that OIA is making progress in improving its process for handling incoming MLA requests but continues to be challenged by at least three main areas: (1) the high pending caseload, (2) hiring and retaining employees, and (3) an antiquated case management system. Meeting this challenge is particularly important because the failure to effectively do so could undermine the United States' ability to obtain assistance from foreign countries in critical matters involving, among others, national security, human trafficking, and information security.

Continued Efforts to Reduce Gun Violence and Other Violent Crime

As the chief federal law enforcement agency, the Department has an important role in coordinating violent crime reduction efforts across the country. This role is particularly important because of the increase in violent crime in 2020 and early 2021. According to data released by the FBI in September 2021, the number of murder and nonnegligent manslaughter offenses in 2020 increased 29.4 percent, and the overall violent crime rate rose 5.2 percent when compared with the 2019 rate, which is the first increase in 4 years. The Attorney General has said that "[p]rotecting our communities from violent crime is a top priority for the Department of Justice" due to the "deeply troubling" increase in gun and violent crime.

In May 2021, the Department outlined a strategy to address gun violence and other violent crime through fostering trust and legitimacy in the communities the Department serves; investing in community-based prevention and intervention programs; setting strategic enforcement priorities; and measuring the results of the Department's efforts. To implement these principles, the Department announced that it will increase intradepartmental coordination, strengthen the Project Safe Neighborhoods (PSN) nationwide violent crime reduction program, review grant-making

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

support for violent crime reduction efforts, and align the efforts of Department law enforcement agencies. Since its inception in 2001, PSN has been shown to be an effective tool for reducing gun and gang crimes across the United States at the state and local levels. Communities with PSN programs experienced significant reductions in violent crime as compared to other locations that did not have PSN interventions. To further support the implementation of its violent crime reduction strategy, the Department launched five cross-jurisdictional strike forces to help reduce gun violence by disrupting illegal firearms being trafficked from source cities, through other communities, and into five key market regions: (1) New York, (2) Chicago, (3) Los Angeles, (4) San Francisco Bay Area/Sacramento Region, and (5) Washington, D.C.

The Department's challenge will be to effectively implement these programs to achieve measurable results on a national scale. It is imperative that the Department monitor the data and support community-based adjustments to the crime prevention and violence reduction approaches as warranted by the empirical evidence. This performance management-based focus is an ongoing challenge for the Department and is critical to the success of its strategy to reduce violent crime.

Continued Improvement of Crime Data Collection Efforts

Complete, timely, and accurate data about crime can assist the Department in assessing its law enforcement efforts to address violent crime. For example, the collection of data about crimes committed throughout the country can help combat violent crime by guiding the Department in determining where it should devote its resources. Therefore, the Department's role in collecting and maintaining accurate data about crime is critical to a crime reduction strategy. However, it also has proven to be a significant challenge for the Department.

The FBI's Uniform Crime Reporting (UCR) Program serves as the national repository for crime data collected and submitted by law enforcement. While federal law requires that federal law enforcement agencies provide information to the UCR, participation of state and local agencies is voluntary and difficulties in obtaining crime data persist. In its FY 2021 budget request and authorization, the FBI described "the need to generate a pathway to greater crime data collection and to improve the nation's crime statistics for reliability, accuracy, accessibility, and timeliness, and to expand the depth and breadth of data collected." To that end, as of January 2021, the Department's crime data is being collected through a National Incident-Based Reporting System (NIBRS) and the legacy Summary Reporting System has been retired. In recognition that participation with NIBRS needs to be increased, according to the FBI, "the UCR Program is partnering with the Bureau of Justice Statistics on the National Crime Statistics Exchange, working with advocacy groups to emphasize the importance of NIBRS data, and transitioned the UCR Program to a NIBRS-only data collection." According to the FBI, NIBRS can provide more useful statistics to promote constructive discussion, measured planning, and informed policing. Ensuring the successful transition to NIBRS and increasing voluntary participation are critical to DOJ's ability to use data to address crime.

The OIG has previously identified challenges that the Department faces in its collection of reliable, complete, and timely crime data specifically in the context of the Department's tribal law enforcement efforts pursuant to the Tribal Law and Order Act of 2010 (TLOA). A 2017 review to assess DOJ's progress in implementing TLOA requirements found that crime data in

Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

Enhancing Trust in Police-Community Relationships

Increased Coordination and Information-Sharing

Continued Efforts to Reduce Gun Violence and Other Violent Crime

Continued Improvement of Crime Data Collection Efforts

Indian country remains unreliable and incomplete, which limits the Department's ability to engage in performance based management of its efforts to implement its TLOA responsibilities. We found that this crime data deficiency was due to that fact that more than 7 years after the enactment of TLOA, DOJ's Bureau of Justice Statistics was still developing its process for collecting and analyzing data about crimes in Indian country. The OIG also found limitations in EOUSA's and the FBI's TLOA data, which is collected to meet TLOA reporting requirements, and that EOUSA, the FBI, and Bureau of Justice Statistics did not effectively analyze the data they collect. To improve crime data collection and performance-based management of law enforcement activities in Indian country, the OIG recommended that EOUSA and the FBI analyze available data to identify the law enforcement needs, and provide training to all staff responsible for Indian country data collection to ensure data is captured uniformly. As of September 2021, there is one remaining open recommendation from this review, which called for the Department to update policy memoranda to U.S. Attorneys and heads of components to incorporate TLOA mandates.

The Department's ability to use crime data depends on the accuracy of the data collected and, thus, it will continue to be a challenge for the Department to encourage voluntary reporting of crime data.

Managing the Opioids/Fentanyl Crisis

Increased Opioids and Fentanyl-Related Deaths

Coordinating the Department's Response

Given the Department of Justice's (DOJ or the Department) law enforcement responsibilities and the Drug Enforcement Administration's (DEA) role as a regulator of controlled substances, the widespread misuse of and addiction to opioids—including fentanyl, a powerful synthetic opioid that is similar to morphine but 50 to 100 times more potent—is a significant challenge for the DEA and the Department given the ongoing national crisis affecting public health and the social and economic welfare of the country. According to data from the Centers for Disease Control and Prevention (CDC), from 1999 to 2019, nearly 500,000 people died from drug overdoses involving opioids. Moreover, the CDC estimates that the annual cost of prescription opioids abuse in the United States, which is just a portion of all opioids/fentanyl abuse, is $78.5 billion, which includes healthcare costs, addiction treatment, criminal justice involvement, and loss of productivity. The DEA's 2020 National Drug Threat Assessment found that the "opioid threat (controlled prescription drugs, synthetic opioids, and heroin) continues at ever-increasing epidemic levels, affecting large portions of the United States." According to the DEA, fentanyl and other synthetic opioids continue to be the most lethal controlled substances. The continuing challenge of confronting the opioids crisis has been heightened by the impact of the Coronavirus Disease 2019 (COVID-19) pandemic on drug abuse and overdose deaths.

Increased Opioids and Fentanyl-Related Deaths

Fentanyl is a significant contributor to the rates of overdose deaths observed across the country. According to provisional drug overdose death data issued by the CDC's National Center for Health Statistics, in 2020 there were 92,476 drug overdose deaths reported, which is a 30 percent increase from the 71,130 deaths reported in 2019. According to the CDC, opioids were involved in over 70 percent (49,860) of all drug overdose deaths in 2019. In December 2020, the CDC issued a Health Alert Network Advisory noting "a concerning acceleration of the increase in drug overdose deaths, with the largest increase recorded from March 2020 to May 2020, coinciding with the implementation of widespread mitigation measures for the COVID-19 pandemic." According to the CDC, the large increase in overdose deaths in that time frame was due to a rise in synthetic opioids deaths, which the CDC said likely involved illicitly manufactured fentanyl.

Coordinating the Department's Response

As the nation's leading law enforcement agency and supporter of local law enforcement efforts, the Department has a major role to play in coordinating a national response to the opioids and fentanyl crisis. As the Office of the Inspector General (OIG) noted in last year's Top Management and Performance Challenges report, responding to this urgent national emergency is one of the significant challenges that the Department continues to face. At the Department's 2020 National Opioid Summit, then-Deputy Attorney General Jeffrey Rosen detailed several initiatives to combat the crisis, including increased law enforcement operations such as Operation

U.S. Marshals examine seized drugs during Operation Frontier Justice
Source: U.S. Marshals Service

Managing the Opioids/Fentanyl Crisis

Increased Opioids and Fentanyl-Related Deaths

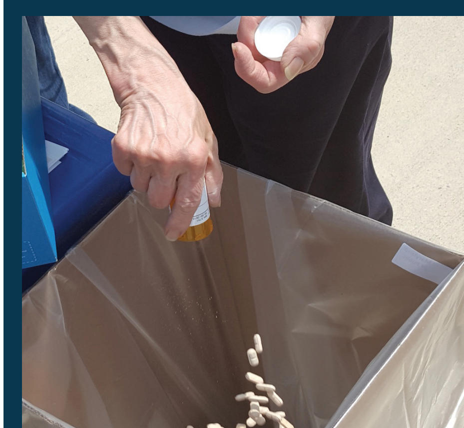
Coordinating the Department's Response

Synthetic Opioid Surge or S.O.S. This effort focuses on controlled opioids in 10 federal judicial districts located in California, Kentucky, Maine, New Hampshire, Ohio, Pennsylvania, Tennessee, and West Virginia with the highest overdose death rates in the country. The strategy calls for prosecution of all readily provable cases involving synthetic opioids and taking investigative steps to identify wholesale distribution methods. In addition, the Department has created regional task forces and utilized civil injunctions to address wrongdoing in the prescription opioids supply chain. More recently, the DEA issued a public safety alert warning that international and domestic criminal drug networks are increasingly flooding the United States with lethal counterfeit pills that are made to look like prescription opioids and are widely accessible and often sold on social media and e-commerce platforms, making them available to anyone with a smartphone, including teens and young adults. As of September 2021, more than 9.5 million counterfeit pills were seized for the year, which is more than the last 2 years combined.

In addition to these efforts, there are areas in which the Department's response could be strengthened. For example, in a report issued in 2019 regarding the DEA's response to the opioids crisis, the OIG found that DEA policies and regulations did not adequately hold registrants accountable or prevent the diversion of pharmaceutical opioids. The OIG made nine recommendations to improve the Department's and the DEA's ability to combat the diversion of pharmaceutical opioids and effectively regulate registrants that engage in diversion. One of the recommendations was that the DEA develop a national prescription opioids enforcement strategy that encompasses the work of all DEA field divisions tasked with combating the diversion of controlled substances and establish performance metrics to measure the strategy's progress. As of September 2021, this recommendation and three others remain open. Progress on these open recommendations will aid in the DEA's and Department's efforts to address the challenge presented by the opioids crisis.

Community-Based Strategies

Beginning in 2016, the DEA developed and deployed a "360 Strategy," which it deployed in 23 pilot cities fraught with opioids issues. The DEA described the strategy as "an innovative three-pronged approach to combating heroin/opioid use through Law Enforcement, Diversion, and Community Outreach." The law enforcement prong of the strategy targeted the most significant drug trafficking threats, while the diversion prong leveraged the DEA's regulatory authority to prevent non-medical abuse of controlled prescription drugs. The community outreach prong aimed to help communities prevent a resurgence in drug trafficking after an enforcement operation by using a comprehensive public messaging program and creating a grassroots movement to create a safer community.



Drugs being turned in during National Prescription Drug Take Back Day
Source: DEA

In February 2021, the DEA initiated Operation Engage, which builds on and replaces the 360 Strategy by using community based strategies to address

Managing the Opioids/Fentanyl Crisis

Increased Opioids and Fentanyl-Related Deaths

Coordinating the Department's Response

the illicit narcotics that present the greatest threat to public health in different communities, rather than focusing solely on opioids. Through this program, each DEA Division focuses on a designated city or region, identifies its local drug-related enforcement priorities, supports local drug use prevention efforts, and serves as a bridge between public safety and public health efforts to decrease illegal drugs.

In September 2020, the OIG conducted an audit of the DEA's community-based efforts to combat the opioids crisis and concluded that the program helped increase awareness of opioids-related issues, provide training, build anti-drug coalitions, and create and distribute educational materials made available for no charge. The OIG also identified areas for improvement in the DEA's pilot city selection process, allocation of resources, and collaborative efforts with other federal entities tasked with combatting the opioids crisis. We also found that the DEA lacked an outcome-oriented performance measurement strategy to assess the effectiveness of its community outreach efforts. The OIG's recommendations will help the Department improve its collaboration with federal partners and implement a performance-based approach to maximize the impact of its community-based intervention programs.

Grants to Support Opioids Programs and Law Enforcement Efforts

The Department also plays an important role in supporting the state and local response to the opioids and fentanyl crisis through its grant awards. For example, in October 2020, DOJ announced it had awarded over $341 million in grants, adding to an already unprecedented level of Department investment targeted at fighting this national crisis. A significant portion of this grant funding (more than $147 million) was awarded to support the Bureau of Justice Assistance's Comprehensive Opioid, Stimulant and Substance Abuse Site-based Program (COSSAP), which is designed to provide financial and technical assistance to state, local, and tribal governments to develop, implement, or expand comprehensive intervention efforts for individuals impacted by opioids and other illegal drugs. One of the Department's biggest challenges in this area is ensuring that the funding it provides is accomplishing the goals of its grant programs. The OIG has an ongoing audit of COSSAP examining whether the Bureau of Justice Assistance implemented adequate oversight of COSSAP, coordinated with COSSAP partners and stakeholders, and accomplished COSSAP objectives and deliverables. The OIG also has an ongoing audit of the Office of Community Oriented Policing Services' (COPS Office) Anti-Heroin Task Force Program, which is assessing the COPS Office administration and oversight of the program, determining the extent to which the program has been successful, and reviewing coordination efforts between the COPS Office and other DOJ entities to combat the heroin and opioids crisis.

Fentanyl Scheduling

The DEA has concluded that fentanyl, which is involved in more deaths than any other controlled substance, is the primary driver of the current crisis. According to the DEA, fentanyl is smuggled into the United States primarily in powder and counterfeit pill form. One of the significant challenges facing the Department and the DEA is categorizing for DEA control, also known as scheduling, fentanyl-related substances under the Controlled Substances Act. Using his temporary scheduling authority under the Controlled Substances Act, in 2018, then-Attorney General Jeff Sessions classified all fentanyl-related substances under Schedule I, which are substances that have a high potential for abuse; no currently accepted medical use in treatment in the United States; and are not safe for use under medical supervision. However, there has been opposition to this class-wide scheduling by organizations that were concerned that such action would "exacerbate pretrial detention, mass incarceration and racial disparities in the prison system." Additionally, according to the [Congressional Research Service](), the medical utility of many of the substances subject to the DEA's class-wide scheduling (which potentially encompassed thousands of different chemicals) is unknown. This temporary scheduling was extended by Congress, but only through January 28, 2022, by the enactment of the [Extending Government Funding and Delivering Emergency Assistance Act]().

Fentanyl is a potent synthetic opioid
Source: DEA

In April 2021, the U.S. Government Accountability Office published a [report]() addressing the issue of classifying all fentanyl-related substances under Schedule I, which it noted has potential effects on drug classification, research, and law enforcement. The U.S. Government Accountability Office identified a tension in such an approach because broadly classifying all fentanyl-related substances as Schedule I may serve the law enforcement interest in deterring creation of new, potentially dangerous substances, but may come at the expense of, among other things, impairing medical research. DOJ and the DEA face the challenge of reaching a resolution with policymakers on these conflicting concerns and adapting its approaches to the policy environment after the temporary fentanyl scheduling expires in January 2022 and thereafter in response to potential legal developments.

The tragedies arising from the opioids crisis place a heavy burden on the DEA and the Department to act with urgency to resolve the time-sensitive challenge of determining which will be the best course of action, both to enable successful law enforcement action with respect to fentanyl and related substances, and to address the concerns of other stakeholders.

Managing Human Capital

The Department of Justice (DOJ or the Department) faces an array of human capital challenges, several arising from the pandemic, including keeping employees and visitors safe, updating workplace flexibilities, reconfiguring the physical workspace, and modernizing information technology (IT) infrastructure. Because the success of the Department's mission is driven by the quality of its personnel, we focus on the human capital aspect of these challenges. Given that there is no one-size-fits-all solution to manage each component's issues, one challenge facing the Department is providing guidance on human capital issues that is sufficiently flexible to allow each component to address its business needs in a manner that is responsive to the concerns and needs of its employees. DOJ continues to face the challenges of remaining competitive in the employment marketplace so that it can recruit and retain a highly skilled and diverse workforce. Many of those challenges have become more pressing as a result of the Coronavirus Disease 2019 (COVID-19) pandemic. The Department also faces the continuing challenge of ensuring a workplace that is free from sexual harassment and misconduct.

Human Capital and Safety Issues Arising from the Pandemic

The COVID-19 pandemic resulted in a seismic shift in how federal employees, including Department personnel, carried out their duties. According to 2020 Federal Employment Viewpoint Survey data, the percentage of federal employees who teleworked daily grew from 3 percent to 59 percent during the peak of the pandemic. As the federal government adapts to a work environment that continues to evolve as a result of the pandemic, the Department faces new human capital challenges.

A bandage placed on a patient's vaccine injection site
Source: Lauren Bishop, Centers for Disease Control and Prevention

The Department faces a host of health and safety issues related to returning to the workplace post-pandemic. To help federal agencies address return to work issues, in June 2021, the Office of Management and Budget (OMB), Office of Personnel Management (OPM), and General Services Administration issued a memorandum on planning for a safe increased return of federal employees and contractors to physical workplaces. In addition to addressing such issues as physical occupancy limits, vaccination status, and workplace flexibilities, the memorandum directed agencies to update their workplace safety plans. In July 2021, OMB released another memorandum that provided general guidance regarding workplace flexibilities, including telework, remote work, and work hours.

One way in which the Department responded to the pandemic was through increased availability and use of workplace flexibilities, such as telework, remote work, and flexible schedules. Although Department leadership has not yet announced post-pandemic policies governing workplace flexibilities, there appears to be strong support among DOJ employees for the continued use of enhanced workplace flexibilities. The Department faces the challenge of how to effectively leverage workplace flexibilities, something it acknowledged in June 2021 can increase productivity, as well as the challenge of how to provide guidance across the organization that can be adapted to each component's mission. When entering the post-pandemic

Managing Human Capital

Human Capital and Safety Issues Arising from the Pandemic

Recruitment, Retention, and Diversity

Maintaining a Safe Workplace Environment Free from Sexual Harassment and Misconduct

Human Resource Policies

work environment, the OMB, OPM, and General Services Administration memorandum advised federal agencies to establish guardrails for decision making, and to delegate to "the lowest appropriate levels in the organization to provide maximum flexibility for defining work requirements to meet mission and workforce needs." DOJ has long lagged behind other federal agencies in allowing many workplace flexibilities. Although the mission and job requirements within some components preclude certain options, such as extensive telework and alternate work schedules, many DOJ components were forced during the pandemic to allow flexibilities that were previously unavailable. Maintaining those opportunities for certain categories of employees will likely enhance the Department's ratings in the 2020 Federal Employment Viewpoint Survey data and the Partnership for Public Service, which track levels of employee engagement and satisfaction on various scales, and which serve as indicators for the Department's ability to compete for and retain top quality personnel.

In an April 2021 limited-scope review, the Office of the Inspector General (OIG) found that the Executive Office for Immigration Review (EOIR) was unable to implement widespread telework for staff because of a lack of equipment, technological limitations, and the need to process mailed and in-person filings. In its response to the report, EOIR agreed that it was not in the best posture to respond to the pandemic because of limited equipment availability and software functionality and because it has historically been a paper-based agency. The OIG recommended that EOIR develop a plan to ensure maximum telework capability for all positions and staff in locations affected by the COVID-19 pandemic or in the event of a future pandemic or similar conditions. In addition, we recommended that EOIR ensure that it procures sufficient equipment and addresses software limitations to enable the broadest possible telework. EOIR concurred with these recommendations and said that it has procured additional IT equipment and software so that it will be better positioned in the future.

As fluctuations in the status of the COVID-19 pandemic arise, such as increasing infection rates in some locations across the county and complications from emerging variants of the virus, the Department will need to navigate a complex and changing landscape that impacts a host of human capital issues.

Recruitment, Retention, and Diversity

The wide availability of workplace flexibilities not only improve the Department's functionality during the pandemic and other emergencies, but they also increase the Department's ability to recruit and retain a highly qualified and diverse workforce. OPM has advised federal agencies that they "can leverage issues such as telework, remote work, and flexible work schedules as tools in their broader strategies for talent recruitment and retention, and for advancing diversity, equity, inclusion, and accessibility in the Federal workforce." Department leadership has recognized the role that workplace flexibilities can plan in recruitment, retention, and diversity of its workforce. As employees' pandemic-related conditions improve, the Department will face the challenge of maintaining the expanded level of workplace flexibilities while continuing to meet its important mission. Doing so will be critical to the Department's ability to recruit and retain the highly qualified, diverse, and engaged personnel necessary to accomplish the Department's work. Promoting diversity in the workforce is another continuing challenge for the Department. As recognized in Executive Orders (EO) 13583 and 14035 and in an OPM policy, a workplace that is diverse, equitable, inclusive, and accessible draws on the talents of all parts of society and brings a fuller array of perspectives to overcome challenges,

Managing Human Capital

which yields better results and leads to higher performing organizations. In 2018, the OIG completed a review of gender equity in the Department's law enforcement components, which assessed overall gender equity, based on both gender diversity in the workforce and employees' perceptions of gender equity and discrimination in the four law enforcement components. The OIG found, among other things, significant gaps in the number of females in criminal investigator and leadership positions, the number of female criminal investigators receiving promotions, and perceptions of gender equity among employees. The OIG recommended that all four components develop and implement recruitment, hiring, and retention strategies, address the barriers to advancement for women across all job types, and improve the objectivity and transparency of the merit promotion process. In response to the OIG's review, the four components examined potential barriers to gender equity through focus groups, surveys, analysis of various policies, workforce demographic data analysis, and promotion data analysis. The components also developed and implemented a number of initiatives to address the identified barriers to recruiting, hiring, promoting, and retaining women, that included branding and marketing recruitment campaigns that focused on social media outreach, issuance of more flexible work/life policies and headquarters rotation policies, and improving the transparency and objectivity of the Special Agent merit promotion processes. Two of the components reported improvements in the percentage of women that made up criminal investigator training classes and graduates.

While the above-described initiatives were developed to improve gender equity, they are also likely to contribute to improving diversity broadly in the workforce. Due to the impact of our gender equity report, the OIG initiated an examination of racial equity in the Department's law enforcement components, which remains ongoing. To further assist the law enforcement components and promote a diverse workforce, in this review the OIG will assess equity across race, color, national origin, and ethnicity by reviewing component demographics, recruitment, hiring, retention, attrition, promotions, and awards. This review will also include a survey assessing staff perceptions related to equity. Separately, the OIG is continuing its work on gender equity by reviewing the training and evaluation of new Special Agents and Intelligence Analysts at the FBI Academy. This ongoing review will examine policies and practices, trends and patterns for male and female Special Agent and Intelligence Analyst trainees, and perceptions of gender equity.

A U.S. Marshals academy class participates in training
Source: U.S. Marshals Service

Maintaining a Safe Workplace Environment Free from Sexual Harassment and Misconduct

As the federal agency with primary responsibility to enforce the nation's laws, including Title IV of the Civil Rights Act of 1964, Title VII of the Civil Rights Act of 1964 (with respect to state and local government employers), the Fair Housing Act, the Equal Credit Opportunity Act, and Title IX of the Education Amendments Act of 1972, it is imperative that the Department as an employer serve as a leader in maintaining a workplace free of sexual

Managing Human Capital

Human Capital and Safety Issues Arising from the Pandemic

Recruitment, Retention, and Diversity

Maintaining a Safe Workplace Environment Free from Sexual Harassment and Misconduct

Human Resource Policies

harassment and misconduct. The Department instituted a zero tolerance policy regarding sexual harassment in 1993, amended the policy in 1998, and reaffirmed it in 2015, after an OIG report revealed systemic issues within the Department's law enforcement components' processes for handling allegations of sexual harassment and misconduct. In addition to conveying the priority of that objective, the Department must respond promptly and appropriately to substantiated allegations of such misconduct. Doing so enhances the professionalism of the Department, supports victims, and deters the toxic misconduct that is antithetical to the Department's overall mission. The persistence of this issue arising throughout DOJ components, as evidenced by numerous recent OIG investigations, makes clear that this is a challenge that requires the continued vigilance of DOJ and component leadership.

For example, in January 2021, the OIG reported that a Federal Bureau of Investigation (FBI) Assistant Special Agent in Charge engaged in unwanted sexual touching with three FBI employees, created a hostile work environment by engaging in that unwanted physical sexual contact and making offensive sexual comments to FBI employees. The OIG found that this conduct violated the Department's zero tolerance policy regarding sexual harassment, as well as FBI policies regarding sexual harassment and employee conduct. In November 2020, the OIG found that an Assistant U.S. Attorney engaged in sexually harassing conduct by making sexually inappropriate comments to an intern, an Assistant U.S. Attorney, and two other individuals, and also by inappropriately touching the intern's breast. The OIG found that this conduct violated the zero tolerance policy and state law. These recent investigative findings are consistent with an increasing number of similar such allegations and findings against Department personnel over the past several years, summaries of many such investigations are reported on the OIG's Investigative Summaries page.

The Department has taken important steps to respond to prior OIG reports in this area. For example, in response to an OIG report issued in June 2017 identifying deficiencies in how the Civil Division handled sexual harassment and misconduct allegations, the Department established a working group to consider how to eliminate sexual harassment and more effectively respond to misconduct allegations. The effort led to issuance of new sexual harassment and misconduct directives in April 2018, which required thatall components have policies and procedures in place that ensure consistency in the imposition of discipline for substantiated allegations; ensure that employees are informed of all avenues for reporting allegations; develop a process for tracking allegations; ensure that all non-frivolous allegations are reported to the OIG; and develop a policy regarding awards and public recognition of employees subject to misconduct allegations or disciplinary actions.

More recently, in a memorandum issued to all DOJ employees in July 2021, Deputy Attorney General Lisa Monaco reaffirmed the Department's commitment to maintain a workplace free from sexual harassment and misconduct. Deputy Attorney General Monaco's memorandum stated it is "critical to our duty as principled defenders of the law to combat sexual harassment and misconduct in our own workplace and hold offenders accountable for their actions." In recognition of the need to provide a safe workplace and achieve gender equality, this memorandum announced that the Department was empaneling a Steering Committee to review sexual harassment policies and practices, training, and education across the Department. The Deputy Attorney General directed the committee to provide recommendations within 180 days to ensure that the Department's policies are consistent, cohesive, and effective in preventing sexual harassment and misconduct and meeting the needs of its workforce.

While the Department's recent actions are significant, addressing the issue of sexual harassment and misconduct is a pernicious issue that has presented a challenge for many years. The Department must be vigilant and continue to work to maintain a workplace that is both safe for its employees and a model for other employers.

Human Resource Policies

An ongoing challenge, as noted above and in last year's Top Management and Performance Challenges report, is for the Department to recruit and retain a highly qualified and diverse set of employees and to remain competitive with other federal agencies. Accomplishing this goal requires current, complete, and consistent human resource (HR) policies fundamental to the Department's HR infrastructure and human capital management. As the OIG detailed in an August 2021 Management Advisory Memorandum issued to the Justice Management Division, the Department faces the challenge of ensuring that its HR policy includes pertinent HR guidance and contains information that is consistent with current relevant regulations and OPM guidance. Among other things, the OIG found that the Department lacks a centralized location for its HR guidance, and that the Department has not fulfilled its own internal requirement to review and update its HR policies every 5 years, which has resulted in significantly outdated, and at times inaccurate, Department-wide policies. The policy issues that the OIG identified not only contribute to DOJ components' lack of knowledge of essential HR authorities and procedures, but they could weaken the Department's ability to recruit and retain highly qualified employees and to remain competitive with other federal agencies, which, as noted in last year's Top Management and Performance Challenges report, is a continuing challenge for the Department. In order to meet this challenge DOJ will need to address the existing deficiencies in its HR policies, monitor and update HR policies and guidelines as appropriate, evaluate its process for reviewing and updating policies, and prioritize efforts to consolidate all HR policies in a centralized location for components to reference and incorporate into their own policies.

Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

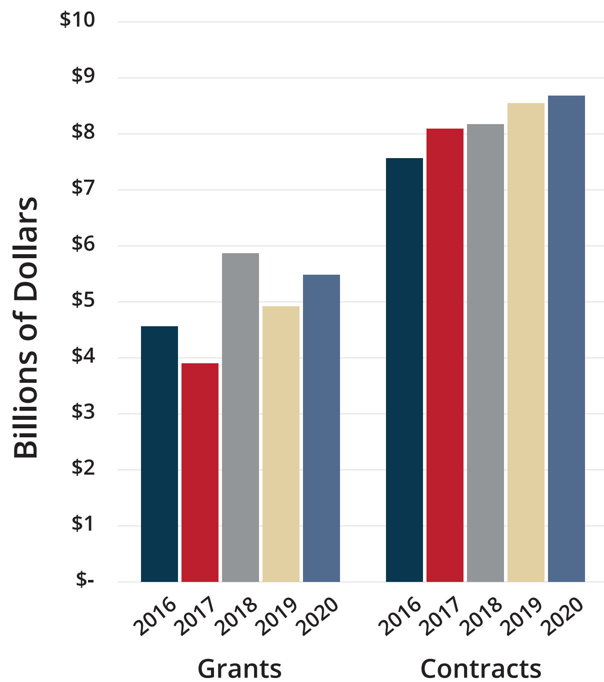
Contracts Oversight

Grants Oversight

CARES Act Administration and Oversight

In Fiscal Year (FY) 2020, the Department of Justice (DOJ or the Department) awarded over $8.6 billion in contracts and over $5.4 billion in grants (see Figure 2). The passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 provided $1 billion in funding to the Department for awards to address the Coronavirus Disease 2019 (COVID-19) pandemic, most of which was to be administered by Office of Justice Programs (OJP). Oversight of its contract and grant awards to ensure financial accountability and mitigate the risks of fraud or misuse of contract and grant funds is an ongoing challenge for the Department.

Figure 2
DOJ Spending by Fiscal Year



Source: OIG analysis of data from Office of Justice Programs, Office on Violence Against Women, and Office of Community Oriented Policing Services; USASpending.gov (as of October 4, 2021).

Contracts Oversight

Effective contract oversight ensures that the Department receives products and services that fulfill its mission while detecting fraud, waste, and abuse when spending taxpayer dollars. In numerous individual contract audits over the past several years, the Office of the Inspector General (OIG) has repeatedly identified weaknesses in DOJ's management and administration of its contracts, including inadequate acquisition planning, acceptance and payment of unallowable costs, inadequate monitoring of contract performance, and inadequate training of government personnel assisting with contract administration and oversight. The Department's recurring contract oversight issues led the OIG to issue a Management Advisory Memorandum in July 2020 summarizing the deficiencies we have identified and recommending that the Department consider including contract management in its enterprise-level risk management prioritization. As the OIG's oversight findings reflect, contract oversight remains an important challenge facing the Department.

Compliance with Laws, Regulations, and Policies

As noted in last year's Top Management and Performance Challenges (TMPC) report, the Department has had difficulty complying with the Federal Acquisition Regulation (FAR) when administering and overseeing its contracts, and this issue persists. For instance, the OIG's June 2021 audit report on the Drug Enforcement Administration's (DEA) Laboratory Information Management System support contracts underscored many of the deficiencies that were highlighted in the OIG's July 2020 Management Advisory Memorandum. Among other things, the report found that the DEA did not adhere to the FAR and the DEA's internal policy, which require contracting officials to develop and implement a quality assurance surveillance plan along with the statement of work to monitor the contractor's performance, and that the DEA failed to consistently conduct or document the results of contractor performance evaluations. The contract also did not include required whistleblower protections clauses, which was a systemic issue the OIG notified the Department about in a February 2021 Management Advisory Memorandum concerning the Department's compliance with laws, regulations, and policies regarding whistleblower rights and protections for contract workers supporting Department programs.

Problems with contract oversight at the Federal Bureau of Investigation (FBI) was one of the main factors that resulted in the OIG finding in July 2021 that a then-FBI Special Agent in Charge and two then-FBI Assistant Special Agents in Charge had engaged in misconduct for, among other things, their roles in an unauthorized $2 million purchase of intellectual property related to a classified undercover operation. This recent misconduct finding was preceded by an audit report in September 2020, which found that the FBI did not obtain proper authorization prior to announcing a contract solicitation for subject matter expert services, and did not properly delegate contract administration responsibilities to qualified Contracting Officer's Representatives or evaluate and report the contractor's performance.

The OIG also found additional deficiencies in administration and oversight of other contracts. For example, in September 2021, the OIG issued an audit report regarding Tax Division contracts awarded for expert witness services that identified areas of non-compliance with the FAR and internal guidance. One of the findings was that trial attorneys who were expected to handle significant contracting activities were not formally designated these responsibilities, were not trained as required by the FAR, and did not display the requisite knowledge of FAR requirements to undertake certain contract procurement and oversight tasks. Similar issues were identified in an OIG audit report in September 2020 regarding the Environment and Natural Resource's Division's procurement and administration of expert witness contracts. Further, in an audit report in July 2020 regarding the U.S. Marshals Service's (USMS) contract to operate a detention facility, the OIG found that the USMS needs to improve its contract oversight procedures, particularly regarding unmet staffing levels, processing invoice deductions, contract price reduction proposals, and the use of commissary funds. As of September 2021, 5 of the 10 recommendations remain open.

These OIG findings are examples of a pattern of weakness in contract administration and oversight, including but not limited to FAR compliance. Compliance with the FAR is particularly important because it assists the Department in procuring products and services that meet the Department's needs and ensures that the Department is conducting business with integrity, fairness, and openness. Poor contract oversight undermines the Department's ability to obtain the benefits of full and open competition, which can include lower costs and higher quality products and services.

Procurement Issues at the Federal Bureau of Prisons

Procurement issues continue to challenge the Federal Bureau of Prisons (BOP). In last year's TMPC report, we noted the OIG's concerns over how the BOP procures food, including issues related to pre-award diligence, contractor performance, and quality controls. The purchase of food products that do not meet applicable standards potentially endangers the health and safety of BOP inmates and staff. Further, addressing this issue is important for BOP financial accountability in procurements, which account for a substantial portion of the BOP's budget. For example, in FY 2019, the

Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

Contracts Oversight

Grants Oversight

CARES Act Administration and Oversight

Food service workers at a BOP facility
Source: BOP

BOP allocated 5.7 percent or approximately $401 million of its budget to food products and food services for the roughly 180,000 inmates housed in 122 BOP institutions. These challenges with food procurement were summarized in a Management Advisory Memorandum reissued by the OIG in 2020 and were evident in a False Claims Act settlement in January 2021 that resolved allegations regarding the sale of adulterated or substandard food products to the BOP.

Issues with healthcare contract administration at the BOP also have been repeatedly identified as a challenge during OIG audits and reviews. The OIG has previously found that the BOP faces significant challenges due to inadequate policies, pre-planning, and contract management related to healthcare. Addressing issues with healthcare contract administration is particularly important for the Department and the BOP because, from 2012 through April 2021, the BOP has held comprehensive medical services contracts with approximately 20 contractors totaling approximately $1 billion. Moreover, the failure to do so appropriately could significantly impact the adequacy and quality of healthcare provided to inmates. This challenge was exemplified in an OIG investigation that found that a BOP contractor had submitted false claims to the BOP in connection with healthcare services provided by the contractor to inmates, which resulted in a False Claims Act settlement in June 2021 for $694,593. This settlement resolved allegations that the contractor had submitted inflated claims for evaluation and management services provided by several physicians at BOP's Terre Haute, Indiana, facility between January 2014 and June 2020. Further, as of September 2021, the OIG recommendation to the BOP in 2017 to require all comprehensive medical service providers to submit electronic claims has not been closed. The deficiencies with the BOP's healthcare claims data limit the ability to identify and respond to potentially fraudulent claims and, because most of the BOP's healthcare claims are processed by paper at individual institutions, billing across the BOP cannot be meaningfully analyzed.

Over the past year, the OIG has seen similar issues in the procurement of various types of other products and services provided to the BOP. For example, the OIG's data analytics investigative efforts led to the issuance of a Management Advisory Memorandum in April 2021 expressing concerns about how the BOP procures air ambulance services. The absence of uniform guidance or contract provisions concerning reimbursement for air ambulance claims has resulted in inconsistent handling of air ambulance claims across BOP institutions and the BOP in many cases has reimbursed air ambulance claims at rates far in excess of the Medicare reimbursement rates.

Similarly, in September 2020, an OIG audit report identified several deficiencies in the contracting process related to a $3.2 million contract to update fences at nine U.S. Penitentiaries. In addition to the system-wide issues discussed above in the Maintaining a Safe, Secure, and Humane Prison System section, the OIG found that the BOP did not perform an adequate price proposal analysis to determine whether the contract had a fair and reasonable price. As a result, the OIG estimated that the contractor received from BOP over $900,000 in additional profit because the project took significantly less time to complete than estimated for the firm-fixed-price contract.

Grants Oversight

The total dollar amount of DOJ's grant awards has increased substantially in recent years after Congress more than tripled the annual amount of Crime Victim Funds (CVF) available for the provision of victim services through grants awarded by OJP. From FY 2015 to FY 2020, Congress appropriated over $2 billion each year in additional CVF funds, and in FY 2021, Congress appropriated over $1.2 billion in CVF funds. Each of these years, Congress provided $10 million to the OIG for oversight of these CVF grants. Separately, DOJ has received additional grant funds to specifically address the COVID-19 pandemic, which we discuss below. A continuing challenge for the Department is to ensure that it has adequate controls over the management of grant funds with respect to both CVF-related grants and other types of grants.

CVF Grants to State Entities

Established by the Victims of Crime Act of 1984, the CVF collects criminal fines and penalties which is then distributed to states and territories through grants by DOJ to support victim services.[4] OJP administers the CVF by sending states and territories funding directly through the Victims of Crime Act victim assistance and compensation formula grants and awarding discretionary grants to state and local public and private entities to support national scope projects, training, and technical assistance that enhance the professional expertise of victim service providers. From FY 2015 to FY 2020, the Department issued grants from the CVF that totaled over $14 billion. In addition to 10 audit reports about specific CVF state grants in FY 2021, the OIG issued two comprehensive audits in 2017 and 2019 on OJP's management of the CVF, which found, among other things, that CVF grant recipients struggled with monitoring thousands of subrecipients. For example, in September 2021, the OIG released an audit on three grants totaling over $100 million that found, among other things, that the grantee did not complete its monitoring activities on a timely basis and performed inadequate oversight of subrecipient financial reporting and matching funds. The report also identified over $1.5 million in questioned costs. These issues demonstrate how poor financial monitoring can increase the risk that government funds will not be used in compliance with federal regulations. In meeting this challenge, the Department must remain vigilant in its instructions to and oversight of grantees to ensure taxpayer funds are expended for the intended purpose, and to advance the objectives of the grant program.

Other DOJ Grants

In addition to the approximately $1.8 billion in CVF formula grants awarded to states and territories in FY 2020, the Department awarded over $3.6 billion in other grants (see Figure 2). The OIG continues to identify significant challenges facing the Department in its oversight of these other types of grants.

One of the most pressing challenges for the Department is implementing its new grants management system. Recently, OJP, the Office of Community Oriented Policing Services, and the Office on Violence Against Women announced that award recipients must register with JustGrants, a new grant management system that replaces and integrates the functions of the previously used Grants Management System, NexGen, and the Grants

[4] 34 U.S.C. § 20101.

Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

Contracts Oversight

Grants Oversight

CARES Act Administration and Oversight

Payment Request System. As the OIG explained in an issue alert in May 2021, the Department's transition to JustGrants has impacted the OIG's ability to effectively manage oversight efforts because of delays and difficulties obtaining accounts for JustGrants. Other potential problems with the transition include access to funds, which can affect an award recipient's ability to achieve program missions, goals, and objectives. For example, the OIG has observed challenges to award recipients caused by, among other things, educating and training award recipients on how to use the system and once registered, difficulties submitting required documentation (e.g., Performance Reports, Federal Financial Reports, award modification requests, and required award closeout information). The OIG has initiated an audit of OJP's contract awarded for the JustGrants system to assess its implementation, administration, and performance and compliance with the terms, conditions, laws, and regulations applicable to the contract. In the meantime, the Department must successfully complete the transition to JustGrants in order for it to be able to effectively administer its grants program.

In addition to implementing a new grant management system, the Department faces the challenge of effectively managing its large grant portfolio. In the OIG's recent oversight of non-CVF state grants, which included issuing 17 reports in FY 2021, the OIG has identified findings in areas that included a lack of adequate monitoring, poor grant financial management, and unsupported and unallowable grant expenditures. Although the Department has an effective award system in place, the consistency of these findings demonstrates that the Department continues to face the challenge of effectively managing its grant portfolio.

CARES Act Administration and Oversight

The COVID-19 pandemic has presented the Department with a variety of unexpected and unanticipated challenges, including administrating additional grant funds and contracts. The CARES Act appropriated approximately $1.007 billion to the Department, with $850 million allocated to OJP to award Coronavirus Emergency Supplemental Funding (CESF) grants for the purposes of preventing, preparing for, and responding to the pandemic. As of October 4, 2021, the Department has obligated over $930 million in CARES Act funding, which includes over $845 million in grants and over $84 million in contracts. The OIG issued two interim reports in July and November 2020 that reviewed OJP's administration of CARES Act funding, in which the OIG found that, generally, OJP had distributed CESF funding quickly and in accordance with CARES Act requirements and that oversight of CESF funds must remain a priority for OJP and the OIG, especially considering the extent to which CARES Act funding provided through the CESF overlaps with CARES Act funding provided by other federal agencies. In September 2021, the OIG issued the final audit report, finding, among other things, that OJP acted quickly to distribute CESF funding and that most recipient spending reviewed appeared allowable under the terms and conditions of the awards. However, the report noted that, as of March 31, 2021, CESF recipients reported spending or obligating only 40 percent of the total amount awarded and OJP must continue to carefully monitor CESF funds to ensure they are spent in the manner intended.

Combatting COVID-19-Related Fraud through Effective Enforcement

One of the most significant new challenges facing the Department is the need to effectively investigate and prosecute fraud and other violations of law related to the over $5 trillion in emergency pandemic spending that has been enacted since March 2020. The Pandemic Response Accountability Committee (PRAC) and the U.S. Government Accountability Office have

Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

Contracts Oversight

Grants Oversight

CARES Act Administration and Oversight

detailed in its reports the significant extent of fraud and misconduct that has already been uncovered in connection with pandemic-related funds. Inevitably, the extent of wrongdoing that is identified will only continue to grow as investigations and audits are conducted, and as additional funds are disbursed. Consequently, the Department will continue to face increasing demands on its personnel and resources to investigate and prosecute COVID-19-related fraud and other wrongdoing that harms the public, while continuing to meet its law enforcement demands unrelated to COVID-19.

The Department is coordinating the efforts of its law enforcement components with the PRAC and the entire Inspectors General community. The Department announced the establishment of a COVID-19 Fraud Enforcement Task Force in May 2021 to facilitate the use of all the tools available at the federal level to combat COVID-19 fraud and invited, among others, the PRAC to be a part of the task force. As of March 2021, the Department had publicly charged 474 defendants in 56 federal districts around the country with crimes based on COVID-19-related fraud schemes, as well as using civil tools to combat fraud. These cases involve fraudulent schemes to obtain over $569 million by targeting the Paycheck Protection Program, Economic Injury Disaster Loan program, and Unemployment Insurance programs. Since then, the Department has pursued many more cases related to the pandemic, including cases prosecuted by U.S. Attorneys' Offices and the Criminal Division's Fraud Section.

A further challenge for law enforcement and prosecutors is the need to address the use of Identity theft schemes to defraud pandemic response programs, as the PRAC explained in July 2021. Identity theft to obtain COVID-19-related funds victimizes the public twice: first when an individual's personal information is misused and second when funding meant to be used in response to the pandemic is diverted to bad actors. Among other actions, in July 2021, the PRAC announced the formation of a working group focused specifically on preventing and addressing identity fraud in pandemic response programs, and it is coordinating its efforts with the Department's COVID-19 Fraud Enforcement Task Force.

In order to assess the Department's response to these various challenges, the OIG is currently conducting an audit of the Criminal Division's and the Executive Office for U.S. Attorneys' management and coordination of pandemic-related fraud allegations and referrals.

Press conference announcing the DOJ's Procurement Collusion Strike Force
Source: DOJ

Another emerging area where emergency COVID-19 pandemic spending will present a challenge for the Department is combatting COVID-19-related violations of federal antitrust law in connection with contracting and procurements. In November 2019, prior to the pandemic, the Department's Antitrust Division responded to the general challenge of procurement-related collusion aggressively, announcing the establishment of a Procurement Collusion Strike Force, composed of the Antitrust Division, multiple U.S. Attorneys' Offices around the country, the FBI, and Inspectors

Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

Contracts Oversight

Grants Oversight

CARES Act Administration and Oversight

General for multiple federal agencies. The Procurement Collusion Strike Force is continuing to work to detect and deter antitrust crimes, including those involving COVID-19-related procurement collusion.

The OIG will continue to coordinate with the Department in the investigation and prosecution of fraud and other violations of law related to the pandemic. This will be a significant challenge for the foreseeable future and the law enforcement demands that this challenge puts on the Department will continually increase as the Department works to uncover fraud and other wrongdoing related to COVID-19.

CONSOLIDATED MANAGEMENT RESPONSE TO THE OFFICE OF THE INSPECTOR GENERAL 2021 REPORT ON TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF JUSTICE

On his first day in office, the Attorney General spoke to all Department employees about three co-equal priorities that should guide the Justice Department's work: upholding the rule of law; keeping our country safe; and protecting civil rights.

These remain the Department's core priorities*,* and the dedicated public servants of the Office of the Inspector General (OIG) work each day to help ensure that the Department of Justice is as effective and efficient as possible in pursuing them. OIG holds Justice Department personnel accountable for misconduct; upholds vital protections for whistleblowers; protects the American people from waste, fraud, and abuse; and preserves the norms that have defined the Justice Department at its best. OIG's work is vital to helping ensure public trust in the Department of Justice.

Each year, as required by law, the Office of the Inspector General identifies management and performance challenges facing the Department. This year, the OIG identified nine challenges it believes represent the most pressing concerns for the Department:

I. Strengthening Public Trust in the U.S. Department of Justice

II. The Department's Contingency Planning Post-Pandemic

III. Maintaining a Safe, Secure, and Humane Prison System

IV. Countering Domestic and International Terrorism and Safeguarding National Security

V. Protecting the Nation and Department against Cyber-Related Threats and Emerging Technologies

VI. Strengthening Community Engagement, Law Enforcement Coordination, and the Response to Violent Crime

VII. Managing the Opioids/Fentanyl Crisis

VIII. Managing Human Capital

IX. Ensuring Financial Accountability of Department Contracts, Grants, and Pandemic-Related Funds

The Justice Department is fully committed to confronting each of these challenges head-on.

I. STRENGTHENING PUBLIC TRUST IN THE U.S. DEPARTMENT OF JUSTICE

The success of the Department of Justice depends upon the trust of the American people. That trust must be earned every day. As the Attorney General has reaffirmed, the Justice Department's first core priority – upholding the rule of law – is rooted in the recognition that, to succeed and retain the trust of the American people, the Justice Department must adhere to the norms that have been part of its DNA since Edward Levi's tenure as the first post-Watergate Attorney General. Those norms – of independence from improper influence; of the principled exercise of discretion; and of treating like cases alike – define who we are as public servants. OIG's work is critical to strengthening public trust in the Justice Department.

Over the past eight months, the Justice Department has reaffirmed and, where appropriate, updated and strengthened policies that are foundational for longstanding Departmental norms and public trust in the Justice Department.

For example, in July 2021, the Department strengthened its policy governing communications between the Justice Department and the White House. That policy is designed to protect the Department's criminal and civil law enforcement decisions and its legal judgments from partisan or other inappropriate influences. The new policy makes clear that "to promote and protect the norms of Departmental independence and integrity in making decisions regarding criminal and civil law enforcement," the Department will not discuss pending or contemplated cases with the White House unless doing so is both "important for the performance of the President's duties and appropriate from a law enforcement perspective." In all instances, initial contacts must flow through the Department's leadership offices, to insulate career employees from any pressure – real or perceived – in their exercise of legal judgment on behalf of the United States.

The Department also issued a new policy to better protect the freedom and independence of the press. A free press is vital to the functioning of a democratic system under the rule of law. The Justice Department strongly values a free press, and we are committed to protecting the First Amendment and the journalists who rely on it to keep the American people apprised of the workings of their government. The policy adopted in July restricts the use of compulsory process to obtain information from, or records of, members of the news media. To further protect members of the news media in a manner that will be enduring, the Attorney General asked the Deputy Attorney General to undertake a review to further explain, develop, and codify the policy into Department regulations. The Department also remains strongly supportive of congressional legislation to protect members of the news media.

Moreover, to ensure that any failure to live up to the principle that political or other improper considerations must play no role in investigative or prosecutorial decisions, the Attorney General directed that reports of improper efforts by the Department to obtain records related to Members of Congress and Congressional staff be referred to the Inspector General. The Department has full confidence that OIG will conduct a thorough and independent investigation. In addition, while that review is pending, the Attorney General instructed the Deputy Attorney General to evaluate and strengthen the Department's existing policies and procedures for obtaining records of the Legislative branch. Consistent with the Department's commitment to the rule of law, we must ensure that full weight is accorded to separation-of-powers concerns moving forward.

In addition, the Justice Department agrees that strengthening public trust requires that the Department's law enforcement components remain objective, impartial, and independent from all improper influences. The Foreign Intelligence Surveillance Act is a critical national security tool. However, the only way to maintain the public's trust in the Department's use of that tool is to ensure that we adhere to the civil liberties protections built into the Act. OIG's work in reviewing the Department's use of FISA is critical to that project. In response to the OIG's report relating to the FBI's use of FISA authorities, the FBI has undertaken a variety of auditing, assessment, and compliance-related measures applicable to a range of national security authorities. This included establishing an Office of Internal Auditing to focus on auditing the FBI's national security activities and appointing an Assistant Director to lead that office. In April, the Attorney General directed the FBI to develop a detailed work plan to ensure these reforms were fully implemented.

To ensure Department law enforcement components remain transparent and are held accountable for their work, as described more fully below, the Department also recently implemented a new policy requiring Department law enforcement personnel to use body-worn cameras during pre-planned arrests and the execution of search or seizure warrants.

OIG has also emphasized the challenges facing the Department and other agencies regarding the former "zero tolerance policy" on the southwest border. The Department rescinded that policy on January 26, 2021. In addition, upon the OIG's recommendation, the U.S. Marshals Service (USMS) has been coordinating with the Department of Health and Human Services (HHS), Office of Refugee Resettlement (ORR) to facilitate communication between persons received into USMS custody for detention pending adjudication of a criminal offense and associated minor family members in ORR's custody. In coordination with ORR, the USMS is developing a memorandum of understanding (MOU) that will establish guidance and procedures for staff to follow when an adult is taken into USMS custody and separated from a minor child or children. To track separated family members more effectively, the USMS updated its mission system, Capture, to include a data flag that specifically identifies a detainee as a "Department of Homeland Security (DHS) Separated Family Member." The data flag permits the USMS to track detainees to whom the provisions of the MOU apply and is based on data that is electronically provided to the USMS by DHS. The MOU is currently under final legal review by ORR and is expected to be implemented in the coming months.

The Department continues to support and encourage independent and robust oversight of DOJ employee misconduct to foster accountability and public trust. When it comes to allegations of attorney misconduct, however, oversight and accountability are best pursued through Department's Office of Professional Responsibility. Complex legal and ethical standards apply to Department attorneys conducting investigations, litigating cases, and providing legal advice. OPR has significant experience and expertise, gained over 45 years, in applying those standards in reviewing attorney professional misconduct allegations. Because OPR is independent of the prosecutors whose conduct it reviews and does not conduct criminal investigations, the public can be assured that OPR's investigations are not biased by any relationship with prosecutorial offices. And because OPR maintains an effective system for investigating attorney professional misconduct and conducts its work independently, the Department does not believe that additional legislation is needed.

Finally, strengthening public trust in the Justice Department requires that we protect democratic institutions. The Justice Department is currently engaged in a complex and resource-intensive investigation, one of the largest and most expansive in our history: the investigation of the January 6 attack on the Capitol. The violence we witnessed that day was an intolerable assault, not only on the Capitol and the brave law enforcement personnel who sought to protect it, but also on a fundamental element of our democracy: the peaceful transfer of power.

In response to that attack, the Justice Department has undertaken an extraordinary effort to ensure that the perpetrators of criminal acts on January 6 are held accountable. The prosecution efforts are being led by the U.S. Attorney's Office for the District of Columbia with assistance from U.S. Attorney's Offices across the country. The Department's senior leadership is kept informed and consulted on a frequent basis. To date, 55 of 56 FBI field offices have opened investigations. Citizens from across the country have provided more than 200,000 digital media tips, and the FBI continues to request the public's assistance in identifying individuals sought in connection to the January 6 attack. And in less than 300 days, approximately 650 defendants have been arrested in nearly all 50 states for their roles in the attack. The Department's leadership has great confidence in the prosecutors who are undertaking these cases. They are doing exactly what they are expected to do: make careful determinations about the facts and the applicable law in each individual case.

The Department is grateful for OIG's ongoing review of DOJ's preparation for and response to the January 6 attack on the Capitol. OIG's work will help guide the Department in its efforts to protect and defend our nation's democratic institutions.

II. THE DEPARTMENT'S CONTINGENCY PLANNING POST-PANDEMIC

The Justice Department worked hard to respond to the unprecedented COVID-19 pandemic. Thousands of Department attorneys and law enforcement professionals pivoted almost overnight to a remote posture and continued investigations and litigation. The Department worked with courts across the country to find safe ways to reopen courtrooms and resume trials. The Department continued to protect the public and continued to safely run detention and correctional facilities.

Today, the Department is implementing the September 2021 Executive Order on Requiring Coronavirus Disease 2019 Vaccination for Federal Employees, as well as the Executive Order on Ensuring Adequate COVID Safety Protocols for Federal Contractors, which will require vaccination (absent a reasonable accommodation) for all of our employees and covered contractors. More than 88% of Department employees are already fully vaccinated. The Bureau of Prisons (BOP) also collaborated with the Centers for Disease Control and Prevention to design and administer an inmate survey to identify what information convinced or deterred inmates from getting vaccinated and to identify those whom inmates viewed as trusted messengers. BOP used the survey results to tailor its inmate vaccination messaging and vaccine incentives, and the percentage of inmates refusing vaccination on average has declined each week.

Going forward, the Department will leverage the skills gained and lessons learned from the pandemic to both prepare for future work disruptions and enhance the effectiveness of its daily operations.

The Department appreciates the work of the OIG to assess the Department's response to the global COVID-19 pandemic. The OIG's audits and reviews on this topic contain helpful recommendations that the Department is evaluating as it continues to develop policies and operational plans in response to an evolving public health emergency.

III. MAINTAINING A SAFE, SECURE, AND HUMANE PRISON SYSTEM

Protecting civil rights is a core priority of the Justice Department. This was a founding purpose when the Justice Department was established in 1870. We began our work during Reconstruction to enforce the rights promised by the Thirteenth, Fourteenth, and Fifteenth Amendments. This required confronting the racist conduct of the Ku Klux Klan and others who used terror and violence to keep Black Americans from exercising their civil rights. Today, 151 years after the Department's founding, far too many still face discrimination in voting, housing, and the criminal justice system; and disproportionately bear the brunt of the harm caused by pandemic, pollution, and climate change.

OIG's efforts to strengthen the Justice Department's efforts to protect civil rights are wide-ranging. One important area is OIG's innovative and interdisciplinary approach to oversight of the Bureau of Prisons, which has greatly assisted the Department in carrying out our responsibility to provide a safe, secure, and humane environment for the more than 156,000 people in BOP custody.

The Department of Justice is committed to ensuring that every facility in the federal prison system is not only safe, secure, and humane, but also provides people in custody with the resources and programs they need to make a successful return to society after they have served their time. The Department highlights three steps of many that it has taken to achieving those goals.

First, a key priority is ensuring that all BOP facilities have appropriate staffing levels. In the past two years, the BOP has hired more than 6,000 staff members and is creating a stable hiring pipeline to ensure that positions do not remain vacant for long. In addition, the BOP has retained an outside management consultant to study its staffing needs and recommend a staffing model designed to ensure that it has appropriate levels at every facility and does not need to rely on overtime and augmentation to meet routine staffing needs.

Second, the BOP recognizes that its physical facilities must be safe. This is why the Department is taking a close look at BOP facilities and, in August 2021, closed the Metropolitan Correctional Center in Manhattan, at least temporarily, for inspection and repairs.

Third, the BOP recognizes the importance of rehabilitative programming for inmates. The First Step Act (FSA), passed by Congress in 2018, provides for new rehabilitative programing. Among other programs, the BOP now offers more than 30 evidence-based recidivism reduction programs. These range from traditional rehabilitation programs, such as literacy and job skills, to a variety of psychology-based programs designed to help inmates change their thought and behavior patterns to escape the cycle of crime. As part of the Department's effort to prioritize FSA implementation over the past year, the Department has hired scores of specialized staff—from educators to psychologists—to implement these new programs. The Department will continue to prioritize hiring for FSA positions.

IV. COUNTERING DOMESTIC AND INTERNATIONAL TERRORISM AND SAFEGUARDING NATIONAL SECURITY

We recently marked the 20th anniversary of the attacks of September 11, 2001. That day is forever seared into our memories; nothing can change the profound way the events of September 11 affected us – individually, as a government, and as a nation. The Justice Department commemorated this anniversary by rededicating ourselves to doing all we can to protect the American people from terrorism in all its forms – whether originating from abroad or at home – and to doing so in a manner that is consistent with our values and the rule of law.

Twenty years after the attacks of September 11, the Justice Department remains acutely aware of the serious and evolving threat posed by international terrorism. The FBI is the lead federal law enforcement agency for investigating and preventing acts of both international and domestic terrorism, and as the Director reaffirmed in testimony before a congressional committee in September 2021, "[p]reventing terrorist attacks, from any place, by any actor, remains the FBI's top priority."[1]

Foreign terrorist organizations have not stopped their efforts to carry out attacks against us here in the United States. As a Department, we will never underestimate the risk of another devastating attack by foreign terrorists. Our whole-of-Department commitment includes our 94 U.S. Attorneys' offices; our law enforcement components, including the FBI; our grant-making offices; and our litigating divisions, including the National Security Division, the Civil Rights Division, and the Criminal Division. We are strengthening our 200 Joint Terrorism Task Forces, the essential hubs for both international and domestic counterterrorism cooperation across all levels of government nationwide. And together with partners across the federal government, we are working to counter the threat of Weapons of Mass Destruction (WMD), including by preventing terrorist groups and lone offenders from acquiring these materials either domestically or internationally. For FY22, the Justice Department is seeking more than $1.5 billion – a 12% increase – for our counterterrorism work.

The Justice Department remains vigilant in the face of the continuing danger of attacks by foreign terrorist organizations, while also recognizing that some threats have evolved significantly since 9/11. As the FBI and Department of Homeland Security have assessed, we face a serious threat from "lone offenders, often radicalized online, who look to attack soft targets with easily accessible weapons."[2] The Department continues to see a rise in what the FBI calls "homegrown violent extremism" – individuals in this country who become exposed to and inspired by radical ideologies espoused by foreign terrorist organizations.

In March, the Intelligence Community (IC), in a report drafted by the Department of Homeland Security, the FBI, and the National Counterterrorism Center under the auspices of the Office of the Director of

[1] Christopher Wray, Director, Federal Bureau of Investigation, *Statement Before the House Homeland Security Committee* (Sept. 22, 2021), https://www.fbi.gov/news/testimony/worldwide-threats-to-the-homeland-20-years-after-911-wray-092221#Statement-for%20the%20Record.

[2] [1] Federal Bureau of Investigation and Department of Homeland Security, *Strategic Intelligence Assessment and Data on Domestic Terrorism* (May 2021), https://www.fbi.gov/file-repository/fbi-dhs-domestic-terrorism-strategic-report.pdf.

National Intelligence, assessed that domestic violent extremists "pose an elevated threat" in 2021.[3] The IC assessed that "racially or ethnically motivated violent extremists and militia violent extremists present the most lethal [domestic violent extremist] threats."[4] In the FBI's view, the top domestic violent extremist threat we face comes from "racially or ethnically motivated violent extremists, specifically those who advocate for the superiority of the white race."[5] The IC assessed that the militia violent extremist threat also "increased last year and that it will almost certainly continue to be elevated throughout 2021."[6]

A significant focus of the OIG report was the Department's preparedness and response to domestic threats. In 2021, the Department has taken additional steps to combat terrorist threats, including the threat posed by domestic violent extremists. These steps include the following:

- The FBI has increased the threat information it provides to our state, local, Tribal, and territorial partners; is enhancing training provided to these important partners; and continues to work closely with them in our Joint Terrorism Task Forces.
- Through the Anti-Terrorism Advisory Councils that we have established in every U.S. Attorney's Office across the country, we are strengthening our terrorism-related prosecutorial resources and expertise.
- Our Civil Rights and National Security Divisions are working more closely than ever in determining whether a given investigation should be handled as a hate crime, an incident of domestic terrorism, or both. This will ensure that we consider all appropriate criminal offenses and that, whenever we encounter domestic terrorism, we treat it for what it is.
- Through a directive we issued earlier this year, we are ensuring that we carefully track investigations and cases with a domestic terrorism nexus.
- Our grant-making components are dedicating additional resources to helping states, localities, and others focus on the threat. The Office of Community Oriented Policing Services, for example, has started prioritizing grants to local law enforcement agencies committed to community-based approaches to combating racially motivated violence and domestic terrorism.

In all our efforts, the Justice Department is guided by our commitment to protecting civil liberties. In our country, espousing an extremist ideology is not itself a crime. Nor is expressing hateful views or associating with hateful groups. But when someone tries to promote or impose an ideology through acts of violence, those acts can be among the most dangerous crimes we confront as a society. Regardless of the motivating ideology, we will use every appropriate tool at our disposal to deter and disrupt such acts and to bring their perpetrators to justice.

V. PROTECTING THE NATION AND DEPARTMENT AGAINST CYBER-RELATED THREATS AND EMERGING TECHNOLOGIES

As the Attorney General has consistently reaffirmed, keeping our country safe requires countering cyber threats – whether from nation-states, terrorists, or common criminals. In recent years, a widening range of cyber actors has posed a significant and increasing threat to our national security, economic security, and personal security. In the last year alone, nation-states – including the PRC, Russia, Iran, and the DPRK– have used cyber operations to target U.S. COVID-19 vaccines and research, compromise our networks and supply chains, steal our intellectual property, and sow divisions to undermine our democracy. At the same time, cyber

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[3] Office of the Director of National Intelligence, *Domestic Violent Extremism Poses Heightened Threat in 2021* (March 1, 2021), https://www.dni.gov/files/ODNI/documents/assessments/UnclassSummaryofDVEAssessment-17MAR21.pdf [hereinafter "IC Report"].
[4] *Id.*
[5] Christopher Wray, Director, Federal Bureau of Investigation, *Statement Before the Senate Judiciary Committee* (March 2, 2021), https://www.fbi.gov/news/testimony/oversight-of-the-federal-bureau-of-investigation-the-january-6-insurrection-domestic-terrorism-and-other-threats.
[6] IC Report.

criminals have launched ransomware attacks that have targeted our critical infrastructure, businesses, schools, hospitals, and medical centers, putting patients' lives at an increased risk amidst the worst pandemic in more than a century.

In April, the Justice Department launched a comprehensive strategic cyber review, aimed at improving our ability to investigate and prosecute state-sponsored cyber threats, transnational criminal groups, infrastructure and ransomware attacks, and the use of cryptocurrency and money laundering to finance and profit from cyber-based crimes. This Comprehensive Cyber Review examines three areas: (1) improving our capability to investigate, to prosecute, and to disrupt these actors and their evolving techniques; (2) building our own resiliency as a Department, as a multinational, global organization when it comes to cybersecurity; (3) preparing the next generation of Department's attorneys and agents to go after these threat actors.

Over the past eight months, the Justice Department has developed and implemented improvements on several fronts, including with respect to ransomware attacks. The FBI is currently investigating over 100 different types of ransomware, each of them with scores of victims. To tackle this threat strategically, the Justice Department also launched the DOJ Ransomware and Digital Extortion Task Force, which is bringing all our tools to bear to protect the American people from the rise in ransomware, to pursue accountability, and to deliver justice for victims. In June, the Department seized and recovered for the victim a $2.3 million ransom payment that had been made in bitcoin to the group known as DarkSide that targeted Colonial Pipeline, causing gas shortages along the East Coast. And earlier this month, the Department seized $6.1 million in funds traceable to alleged ransom payments received by a Russian national charged with conducting ransomware attacks against multiple victims, including businesses and government entities in Texas.

In short, we are aggressively pursuing the entire ransomware ecosystem to disrupt and deter such attacks. Together with our partners, we are sparing no resource to identify and bring to justice anyone, anywhere, who targets the United States with a ransomware attack. However, when ransomware attacks do occur, law enforcement's ability to respond depends in large part on whether, and how promptly the victim reports the attack. Failure to timely report also puts other potential victims in jeopardy. It is for this reason that the Administration strongly supports congressional action to require victim companies to report significant incidents and the Department stands ready to engage with Congress regarding the minimum elements of a cyber incident reporting bill. Mandatory incident reporting would greatly assist federal efforts to defend the nation against cyber threats, pursue the actors responsible for them, and respond and share information to protect the private sector.

In addition, in October 2021, the Department announced the creation of a National Cryptocurrency Enforcement Team, which will draw on the Department's established expertise in investigating and prosecuting criminal misuse of cryptocurrency to pursue cases against cryptocurrency exchanges, infrastructure providers, and other entities that enable criminal actors to profit from abusing cryptocurrency platforms. The Department's Civil Cyber-Fraud Initiative will use the False Claims Act to both enforce civil fines on government contractors and grant recipients as well as protect whistleblowers.

To ensure our efforts continue to be robust and fully coordinated across the Justice Department in the years to come, we established new guidelines regarding investigations and cases related to ransomware and digital extortion. As a further result of the Department's review, we also launched a new Cyber Fellowship program for entry-level attorneys, which will help develop a new generation of prosecutors and attorneys equipped to handle emerging national security threats. This program provides a unique opportunity to gain the well-rounded experience needed to tackle the full range of cyber threats. Fellows will complete rotations in each of the Criminal Division's Computer Crime and Intellectual Property Section, the National Security Division, and a U.S. Attorney's Office. The Department looks forward to onboarding the first class of fellows in Fall 2022.

VI. STRENGTHENING COMMUNITY ENGAGEMENT, LAW ENFORCEMENT COORDINATION, AND THE RESPONSE TO VIOLENT CRIME

Strengthening community engagement and protecting our communities from violent crime and gun violence is also essential to keeping our country safe.

That is why in May of this year the Justice Department launched a comprehensive violent crime strategy, which harnesses all our relevant Departmental components and resources to those ends. We have deployed a whole-of-Department approach to address this challenge, which engages not only the Justice Department's 94 U.S. Attorneys' offices, but also our law enforcement components (the ATF, DEA, FBI, and U.S. Marshals Service), our grant-making components (the Office of Justice Programs (OJP), the Office of Community Oriented Policing Services (COPS), the Office for Victims of Crime (OVC), and the Office on Violence Against Women (OVW)), and our litigating divisions, including the Criminal Division.

In September 2021, the FBI released its final crime data for 2020 and confirmed what our law enforcement community saw on the front lines every day: substantial increases in murder and aggravated assault rates between 2019 and 2020. In 2020, the United States witnessed a nearly 30% increase in the murder rate; 77% of those homicides were committed with a firearm.

Community-led efforts are vital to preventing violence before it occurs. That is why the Department is strengthening Project Safe Neighborhoods, a cornerstone initiative that brings together law enforcement and community stakeholders to develop solutions to pressing violent crime problems.

To support local police departments and help them build trust with the communities they serve, the Department's FY22 budget requests over $1 billion in grants. The Justice Department has also made available funding, through over a dozen grant programs, that can be used to support evidence-based community violence intervention strategies at all stages – from the earliest violence interruption strategies to post-conviction reentry services.

In addition, the FBI is making available cutting-edge analytical tools to support state and local law enforcement efforts to identify the most violent offenders. And earlier this month, the Department announced that our COPS Office is awarding $33 million in Community Policing Development (CPD) grants that will support, among other things, continuing the COPS Office Collaborative Reform Initiative Technical Assistance Center (CRI-TAC).

We also know that an effective violent crime reduction strategy must address the illegal trafficking of firearms. The Department is currently undertaking a comprehensive new study of firearms trafficking that will help agents, prosecutors, and policymakers tackle criminal gun trafficking. In recent months, the Department has proposed rules to address the proliferation of "ghost guns" that are increasingly recovered from crime scenes and to clarify that pistols equipped with certain stabilizing braces are subject to the same statutory restrictions as easily concealable short-barreled rifles.

The Justice Department has also stepped up efforts to hold gun dealers that break the rules accountable for their actions and to prevent the illegal use and trafficking of firearms. In July, the Department of Justice launched five cross-jurisdictional strike forces to reduce gun violence by disrupting illegal firearms trafficking in key corridors across the country. We have also cracked down on transnational weapons trafficking networks operating in the U.S. and Mexico through the DEA's Special Operations Division, which has worked with partners across government to investigate, arrest, and prosecute hundreds of network members responsible for trafficking thousands of weapons.

The Justice Department's commitment to trust and accountability is why an important part of both our civil rights program and our strategy to reduce violent crime is to foster trust and legitimacy between law enforcement and the communities we serve. Thanks to the work of OIG, the Department is implementing new policies that will increase transparency and accountability in our own law enforcement components. Thanks to the work of OIG, the Department is implementing new policies that will increase transparency and accountability in our own law enforcement agencies.

In June, the Department's federal law enforcement components were instructed to develop plans specific to their unique missions to expand the use of body worn cameras to their federal agents. As the Attorney General explained at the time, "[l]aw enforcement is at its most effective when there is accountability and trust between law enforcement and the community." To ensure effective implementation of this policy, the Department will collect data on the use and functioning of BWCs during field operations. The Department will also conduct systematic evaluations of the program to ensure continual improvement and evidence-based policymaking. Today, DOJ's law enforcement components are wearing body worn cameras in select cities during Phase I of our implementation program.

Moreover, in September, the Department issued the first ever Department-wide directive limiting the use of chokeholds and no-knock warrants. Under the new policy, the Department's law enforcement components may not use "chokeholds" and "carotid restraints" unless deadly force is authorized, which is "when the officer has a reasonable belief that the subject of such force poses an imminent danger of death or serious physical injury to the officer or to another person." The new policy also generally limits the use of "no knock" entries in connection with the execution of a warrant—that is, when the agent does not knock and announce their presence as law enforcement— to situations where an agent has reasonable grounds to believe that knocking and announcing the agent's presence would create an imminent threat of physical violence to the agent and/or another person. This new policy is narrower than what is permitted by law. In setting the policy this way, the Department is limiting the use of higher-risk "no knock" entries to only those instances where there is an imminent threat of physical violence.

The Justice Department is also dedicating substantial resources to supporting state and local law enforcement accountability. In each of the approximately 18,000 local law enforcement agencies in our country, dedicated law enforcement officers put themselves in harm's way to protect others. The Justice Department is uniquely aware of the challenges faced by those who serve. And we recognize the complex issues that make their already difficult jobs even harder. We know that most law enforcement officers do their difficult jobs honorably and lawfully. Good officers welcome accountability because accountability is an essential part of building trust with the community, and public safety requires public trust.

The Justice Department is charged with ensuring that the constitutional and federal statutory rights of all people are protected. In recent months, the Department has initiated pattern-or-practice investigations of police departments in Minneapolis, Louisville, and Phoenix. These investigations focus on whether the departments engage in systemic violations of the Constitution or federal law. This includes assessing, among other things, whether the departments have a pattern or practice of using excessive force, engaging in discriminatory policing, retaliating against individuals for exercising First Amendment rights, or improperly detaining people with behavioral disabilities.

The Department has also taken a series of actions to ensure that the remedies for pattern-or-practice violations, including consent decrees, are fair, transparent, and effective. These actions will ensure that consent decree monitors are performing a public service, not seeking to maximize profit. Monitors will serve set terms, with renewal dependent on an assessment of their performance and cost-effectiveness. Monitorships will not go on indefinitely: they will be subject to a court hearing after no more than five years and extended only if the court finds that termination is not warranted.

VII. MANAGING THE OPIOIDS/FENTANYL CRISIS

As the Attorney General has reaffirmed, the Justice Department is committed to keeping our country safe from violent drug trafficking gangs and cartels. These criminal networks are fueling the overdose epidemic in our country. Opioids, including illicit fentanyl, caused nearly 70,000 fatal overdoses in 2020. As OIG has noted, the Centers for Disease Control and Prevention's National Center for Health Statistics reported that during the 12 months between March 2020 and March 2021, more than 96,000 Americans died from drug overdoses. The pervasiveness of these illicit drugs, and the fatal overdoses that too often result, is a problem that cuts across our entire country, from small towns to big cities.

The Justice Department will continue to use all the resources at our disposal to save lives. We will continue to investigate and prosecute the sources of supply, including transnational drug trafficking networks and Mexican cartels. And we will continue investigating precursor chemical suppliers from the PRC and elsewhere and continue targeting illicit Internet distributors, especially on the Dark Web. To these ends, the Department has continued Operation Synthetic Opioid Surge, which operates in 10 high-impact areas with the country's highest overdose death rates. The districts participating in the program have seen a decline in opioid overdoses.

In addition, following the confirmation of a new Administrator this summer, DEA has stepped up its efforts nationwide to target the criminal drug networks flooding the U.S. with deadly, fentanyl-laced fake pills. Between August 3 and September 30, 2021, the DEA – working in concert with federal, state, and local law enforcement partners – seized 1.8 million fentanyl-laced fake pills, enough to kill more than 700,000 Americans, and arrested 810 drug traffickers in cities, suburbs, and rural communities spanning the United States.

In September 2021, the Deputy Attorney General, along with the DEA Administrator, announced new and increased efforts to counter the opioid crisis. She recognized that drug overdose deaths reached an all-time high in 2020, and the primary driver of those deaths was illicit fentanyl, the synthetic opioid that is most commonly found in counterfeit pills. To protect the public, the Department also launched the One Pill Can Kill campaign to warn the public—in communities, in classrooms, and online—about the dangers of counterfeit pills. In addition, the Department, along with the Administration and Congress, has ensured that fentanyl related substances ("FRS") continue to be scheduled under federal law. FRS are illicitly manufactured spin-offs of fentanyl, whose potency and deadliness can be up to 100 times greater than heroin. The DEA exercised administrative authorities to issue an emergency temporary scheduling order in 2018, placing all FRS in Schedule I of the Controlled Substances Act. When that scheduling action expired, the DEA worked with Congress to extend the order for a period of time, and the Department has been consistently working with the Administration to propose a permanent solution.

Prescription opioids also remain a significant problem. That is why, in October 2018, the Criminal Division announced the formation of the Appalachian Regional Prescription Opioid (ARPO) Strike Force, a joint effort between the Department's prosecutors, its law enforcement agencies, the Department of Health and Human Services Office of the Inspector General, and state and local law enforcement to combat healthcare fraud and the opioid epidemic in parts of the country that have been particularly harmed by addiction. The ARPO Strike Force focuses on prosecutions of medical professionals and others involved in the illegal prescription, diversion, and distribution of opioids, and has partnered with approximately 10 U.S. Attorneys' Offices. In just three years, the ARPO Strike Force has charged more than 90 defendants who are collectively responsible for distributing more than 105 million pills.

At the same time, the Department has been working along multiple channels to expand access to treatment and help individuals who struggle with addiction avoid turning to illicit drug use. In July 2021, the DEA issued a new rule which allows narcotic treatment programs (NTPs)—facilities permitted under federal law to dispense methadone for opioid use disorder treatment—to operate a mobile component under their existing registration. This will expand access to treatment, particularly for those in hard to reach and rural communities. The DEA also worked with the Department of Health and Human Services – specifically the Substance Abuse and Mental Health Services Administration (SAMHSA) – to issue rules during the COVID-19 pandemic that enabled individuals to access treatment through methadone take-home supplies and permitted individuals to be prescribed buprenorphine through telehealth appointments.

VIII. MANAGING HUMAN CAPITAL

The Justice Department can only accomplish its goals of protecting the public and ensuring equal justice under the law if it has a dedicated, high-skilled, and diverse workforce. In the past year, the Department has undertaken several steps to ensure that it does. First, the Department is mindful of the need to ensure safe workplaces for all employees, especially during the current pandemic. One of the best ways to accomplish that goal is to ensure that everyone is vaccinated. The vast majority of our employees are fully vaccinated, well ahead of the deadline set by the President, and the Department will continue to help all employees comply with the vaccine mandate.

Second, recruiting and retaining a skilled and diverse workforce is, as the OIG recognizes, key to the Department's success. To this end, the Department is implementing Executive Order 14035 on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce. We are in the process of hiring our first-ever Chief Diversity Officer to lead expanded efforts to recruit and retain a diverse and high-performing workforce throughout all mission critical occupations. The Department is also revising its workplace flexibility policies, both centrally and at the component level, to provide employees job-appropriate flexibilities after the pandemic-related emergency ends.

Third, the Department must be a workplace free from harassment. As the OIG notes, the Department is tackling the problem of sexual harassment, mostly recently through the Deputy Attorney General's Steering Committee to review sexual harassment policies. The Steering Committee is reviewing the current policies and practices across the Department, as well as existing training, education, and awareness efforts. The Steering Committee will develop recommendations to ensure that the Department's policies are consistent, cohesive, and effective at satisfying its obligations to prevent sexual harassment and misconduct and meeting the needs of its workforce.

IX. ENSURING FINANCIAL ACCOUNTABILITY OF DEPARTMENT CONTRACTS, GRANTS, AND PANDEMIC-RELATED FUNDS

The Justice Department continues to work hard to ensure it maintains an effective award system and that our oversight and monitoring functions improve each year. For example, the Office of Justice Programs (OJP) consistently exceeds its statutory requirement to conduct comprehensive monitoring of at least 10 percent of total award dollars. In FY 2021, OJP surpassed this requirement by 95 percent. OJP also provides financial monitoring for the Department's entire grants portfolio (including the Office on Violence Against Women (OVW) and the Office of Community Oriented Policing Services (COPS Office)), which consists of approximately 13,800 active grants totaling $16.78 billion for FY 2021. This monitoring is effective. In FY 2021, Office of the Chief Financial Office (OCFO) identified approximately $16.4 million in questioned costs.

The Justice Department understands the importance of getting funds out in a timely manner to grant recipients. Over the long-term, the Department's new JustGrants program will provide applicants and grantees with an improved user experience across the entire grants lifecycle through a streamlined, end-to-end grants management system. In the near term, resolving the issues in the transition to JustGrants is a priority for Department leadership, and the Deputy Attorney General is personally engaged in ensuring the issues are resolved so that we can continue supporting grantees' important work.

The Department has implemented a plan to ensure that all grant funding is awarded by December 31, 2021. We are actively monitoring the JustGrants development process to ensure that grant funds are awarded according to this plan. As of the date of this response, the Department has awarded about 57 percent of all Fiscal Year 2021 grant funding. Since the implementation of this plan, we have also accomplished the following:

- OJP awarded all grant funds that were set to expire at the end of FY 2021 (September 30). This is about $1.39 billion, which constitutes 30 percent of all DOJ grant funding.
- OVW awarded 100 percent of its Violence Against Women Act (VAWA) funding prior to the end of the fiscal year, which included more than $470 million through twenty-two VAWA programs to support projects that meaningfully address the needs of underserved and marginalized survivors, improve access to justice, enhance survivor safety, hold offenders accountable, and build a coordinated community response to violence against women.
- The COPS Office expects to have obligated all its FY 2021 funding by November 5, 2021.

All outstanding awards will be made as soon as possible on a rolling basis and no later than December 31, 2021.

Finally, an important area of Departmental focus is ensuring economic opportunity and fairness by combating fraud and protecting consumers. To that end, as the OIG report discusses, the Department has been called upon to effectively investigate and prosecute fraud and other violations of law related to the over $5 trillion in emergency pandemic spending that has been enacted since March 2020. Among other things, the Department stood up a COVID-19 Fraud Enforcement Task Force to bring to justice those who have tried to defraud the government of money intended for the most vulnerable among us. The Task Force brings together key Department components, such as the Criminal and Civil Divisions, the Executive Office for United States Attorneys, and the FBI, and interagency partners, such as the Department of Labor, the Department of the Treasury, the Department of Homeland Security, the Small Business Administration, the Special Inspector General for Pandemic Relief, the Pandemic Response Accountability Committee, and others. The Task Force will build on the Department's prior successes in countering pandemic-related fraud, which included charging nearly 600 defendants with crimes involving over $600 million in 56 federal districts nationwide.

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In short, the Department appreciates OIG's work in helping to improve our transparency, productivity, and effectiveness. The Department is acting on and responding to the numerous findings, conclusions, and recommendations contained in the specific reports and audits discussed in the OIG report. The Department looks forward to continuing its cooperative relationship with the Inspector General on those matters and on future investigations.

Moreover, to refine the Department's priorities and to develop a careful plan for overcoming the challenges we face, the Attorney General has directed the Department to undertake a strategic planning process. That process is well underway, and the Department's forthcoming Strategic Plan for FY 2022-2026 will further outline the Department's priorities, many of which overlap with the challenges identified by the Inspector General.

Payment Integrity Information Act Reporting

The Payment Integrity Information Act of 2019 requires agencies to annually report certain information on improper payments in their AFR, such as actions taken to address recovery auditor recommendations. In recent years, OMB has been collecting improper payments data not required to be reported in the AFR, such as data on recovery activities, fraud, and risk assessment, through an annual data call and publishing the data on PaymentAccuracy.gov. The Department's FY 2021 data can be found on https://paymentaccuracy.gov. With regard to actions taken to address recovery auditor recommendations, this is not applicable for the Department for FY 2021 reporting, as the Department did not use the services of a recovery auditor contractor in FY 2021.

As required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, the Department presents the most recent information available as of FY 2020. The 2021 assessments for civil penalty inflationary adjustments are currently under final review.

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)	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

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 Involving False Claim (per claim)	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 organization	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 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. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order	1994	2020	$ 17,161	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. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order	1994	2020	$ 25,820	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. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order	1994	2020	$ 25,820	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. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, subsequent order	1994	2020	$ 43,034	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. 3614(d)(1)(C)(i)	Fair Housing Act of 1968, as amended in 1988. PL 100-430 First violation	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
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 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 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
42 U.S.C. 12188(b)(C)(i)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, first order	1990	2020	$ 96,384	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. 12188(b)(C)(ii)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, subsequent order	1990	2020	$ 192,768	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
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act First violation	2010	2020	$ 64,715	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
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act Subsequent violation	2010	2020	$ 129,431	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

Criminal 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
18 U.S.C. 983(h)H1)	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

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
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	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	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)	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

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)(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	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
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

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**
49 U.S.C. 30505(a)	National 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

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. 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

Pursuant to the OMB Uniform Guidance in 2 C.F.R. § 200.343(b), recipients of grants and cooperative agreements must liquidate all obligations incurred under their awards within 90 days after the end of the period of performance, unless the awarding agency authorizes an extension or program-specific statutes specify a different liquidation period.

As required by OMB Circular A-136, *Financial Reporting Requirements,* DOJ is required to:

1. Disclose the number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by 2 years or more prior to September 30, 2021; and
2. Provide 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.

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

The table below presents, for each DOJ's grant-making component that had zero dollar balances and undisbursed obligations for expired grant awards as of September 30, 2021, 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, 2021

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

For the Fiscal Year Ended September 30, 2021 (Dollars in Thousands)

DOJ Component	Category	2-3 Years - FYs 2018-2019	3-5 Years - FYs 2017-2018	More than 5 Years - Before FY 2016
OJP	Number of Grants/ Cooperative Agreements with Zero Dollar Balances	39	8	3
	Number of Grants/ Cooperative Agreements with Undisbursed Balances	94	16	20
	OJP Total Amount of Undisbursed Balances	**$76,564**	**$11,195**	**$4,078**
COPS	Number of Grants/ Cooperative Agreements with Zero Dollar Balances	3	0	0
	Number of Grants/ Cooperative Agreements with Undisbursed Balances	14	0	0
	COPS Total Amount of Undisbursed Balances	**$645**	**$—**	**$—**
OVW	Number of Grants/ Cooperative Agreements with Zero Dollar Balances	15	10	0
	Number of Grants/ Cooperative Agreements with Undisbursed Balances	49	34	0
	OVW Total Amount of Undisbursed Balances	**$4,058**	**$4,195**	**$—**
DOJ Total Amount of Undisbursed Balances		**$81,267**	**$15,390**	**$4,078**

Closeout Challenges

The COPS Office transitioned to the Justice Grants System (JustGrants) and DOJ's UFMS, the new unified grant and financial management systems, in October 2020. Initially, technical difficulties with the new systems impeded our office's ability to process closeouts. Most issues have now been resolved and the COPS Office is making good progress on closing out awards. Since last year's report, the COPS Office has closed out all grants whose period of performance has elapsed by more than three years. Several of the remaining awards on this list have unresolved monitoring findings which we are working through. The COPS Office recently updated its closeout standard operating procedures to automate the closeout vetting process more fully, which will facilitate a faster pace of closeouts in FY 2022.

OJP has made some progress over the past year compared to the previous year. JustGrants was launched and used to manage grants in October 2020. Technical system functionality hindered and prevented OJP from efficiently processing award closeouts. There are continued system developments and system fixes, which have allowed OJP to continue progress on award closeout.

For OVW, technical system issues continue to impact OVW's ability to close out awards in JustGrants. OVW only completed the close out of 4 awards during FY 2021. Planned updates to JustGrants during FY 2022 are expected to improve OVW's ability to process closeouts and make progress on reducing the undisbursed balances remaining.

FMFIA Corrective Action Plan

FMFIA § 2 – FINANCIAL REPORTING MATERIAL WEAKNESS

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Report Date** September 30, 2021	
Issue Title Improvements are Needed in Management's Risk Assessment Process, Monitoring, and Financial Statement Preparation and Review	**Issue ID** 01DOJ001	**Component Name** Department

Issue Category

FMFIA § 2 Operations	☐ **Significant Deficiency**	☐ **Material Weakness**
FMFIA § 2 Financial Reporting	☐ **Significant Deficiency**	☒ **Material Weakness**
FMFIA § 4	☐ **Financial Management Systems Do Not Comply with Financial System Requirements**	

Issue Category – SAT Concurrence or Recategorization

Concur

Issue Description

The preparation of the Department's consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department's financial management systems on a timely basis and providing other data to the JMD Finance Staff. The Department earned an unmodified, i.e., "clean," audit opinion on its FY 2021 consolidated financial statements. This continued what the Department considers a proud tradition for an eighteenth straight year.

The auditors noted in their report on internal control over financial reporting that, during FY 2021, the Department and its components adopted a financial management strategy to undertake technology improvements and address changes in the financial reporting environment that included:

1. migrating the legacy grants management system,
2. engaging cloud-based service providers for financial and operational application hosting,
3. continuing to implement UFMS throughout the Department,
4. adapting to changes in the financial management workforce due to attrition, and
5. adopting a new commercial-based significant accounting standard for revenue recognition.

The auditors' report identified a material weakness at the consolidated level as a result of weaknesses identified in DOJ component financial reporting. Weaknesses included a material weakness for the Bureau of Prisons and Offices, Boards, and Divisions related to financial statement preparation and Federal Prison Industries related to revenue recognition, and a significant deficiency for the Asset Forfeiture Management Staff related to reporting seized assets and Office of Justice Programs related to monitoring cloud service organizations used to support the new grants management financial process. The auditors' report noted that DOJ component management addressed the financial statement errors in the year-end financial statements. Nonetheless, the Department has additional work to do. Please refer to the Description of Remediation and Milestones on the following page.

Business Process Area (Applicable for FMFIA § 2 Financial Reporting Only)			
Financial Reporting			
Date First Identified	**Original Target Completion Date**	**Current Target Completion Date**	**Actual Completion Date**
During Audit of FY 2021 Consolidated Financial Statements	6/30/2022	6/30/2022	

Issue Identified By	**Source Document Title**
KPMG and DOJ OIG	DOJ OIG Audit of FY 2021 Consolidated Financial Statements

Description of Remediation

The Department will strengthen financial statement risk assessment, preparation, and review controls; expand monitoring of cloud service organizations; provide additional guidance and training to Department components; and increase internal control reviews and monitoring to prevent, detect, and correct errors in financial reporting.

Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. Ensure quarterly Department Financial Statement Working Group meetings highlight new accounting standards, if applicable.	Quarterly during FY 2022		
2. Ensure Department components incorporate new accounting standards in quarterly financial statements, if applicable.	Quarterly during FY 2022		
3. Enhance the Department's internal control reviews over quarter-end component financial reporting to identify and resolve significant variances.	Quarterly during FY 2022		
4. Strengthen the Department's guidance, training, and control activities related to financial statement risk assessment, preparation, and review.	6/30/2022		
5. Strengthen the Department's OMB A-123 guidance related to monitoring cloud service organizations.	To be included in the Department's FY 2022 Overall A-123 Guidance		

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

Funding Available

Planned Measures to Prevent Recurrence

Ensure internal control review and monitoring activities are designed to detect issues early, so actions can be taken promptly to prevent recurrence of the deficiencies in the FY 2022 consolidated financial statements.

Validation Indicator

Results are measured by the number and dollar amount of errors identified during testing of interim and year-end financial transactions and the review of interim and annual financial statements.

Organizations Responsible for Corrective Action

JMD, BOP, FPI, and OJP

APPENDICES

APPENDIX A

Office of the Inspector General's Analysis and Summary of Actions Necessary to Close the Report

The Office of the Inspector General (OIG) provided a draft of the *Independent Auditors' Report* to the Department of Justice (Department). The Department's response is incorporated in the Exhibit of the *Independent Auditors' Report* of this final report. In response to the *Independent Auditors' Report*, the Department concurred with the recommendations and discussed the actions it will implement in response to the finding. As a result, the status of the report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for the Department:

1. **Design and implement a control for Justice Management Division (JMD) and the components to monitor and evaluate significant changes to operations or financial reporting processes within the Department that will identify, analyze, and respond to financial reporting risks, such as the adoption of new accounting standards, implementations and conversions of financially relevant systems, and utilization of new services organizations supporting the Department. (New)**

   Resolved. The Department concurred with this finding. Management stated in its response that it will assess and implement controls to address reporting risks associated with changes to accounting standards, implementation of new systems, and utilization of new service organizations.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented controls to monitor and evaluate significant changes to address financial reporting risks associated with changes to accounting standards, implementation of new systems, and utilization of new service organizations.

2. **Design and implement effective internal control processes for JMD and the components to review and monitor service organization control risks to ensure that ineffective controls performed by service organizations are evaluated and appropriate compensating controls are designed and implemented. (New)**

   Resolved. The Department concurred with this finding. Management stated in its response that the Department's Office of Management and Budget (OMB) Circular A-123 Senior Assessment Team will review and enhance its OMB Circular A-123 assessment procedures. The enhancements will focus on ensuring the effectiveness of management's risk assessment process to identify and respond to internal control risks and deficiencies relevant to service organizations.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has sufficiently implemented controls to review and monitor service organization control risks.

3. **Design, implement, and execute policies and procedures for JMD and the components to identify and investigate significant variances across all certified financial statements and notes. (New)**

   Resolved. The Department concurred with this finding. Management stated in its response that it will enhance its internal control reviews over month and quarter end component financial reporting and operations to identify and investigate significant variances.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented and executed policies and procedures to identify and investigate significant variances across all certified financial statements and footnotes.

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
APP	Annual Performance Plan
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	Bureau of Prisons
BPO	Broker's Price Opinion

C

CDC	Centers for Disease Control and Prevention
CFO	Chief Financial Officer
CHRP	COPS Hiring Recovery Program
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
COVID-19	Coronavirus
CPI	Consumer Price Index
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	OBD Office of Debt Collection Management
DEA	Drug Enforcement Administration
DEO	Departmental Ethics Office
DHS	Department of Homeland Security
DOJ	Department of Justice
DOL	Department of Labor
DTO	Drug Trafficking Organization

E

ECAS	EOIR Courts and Appeals System
EFT	Electronic Funds Transfer
ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
ERM	Enterprise Risk Management
eROPs	Electronic Records of Proceedings
ESCO	Energy Service Companies
ESPC	Energy Savings Performance Contracts

F

FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standard Board
FBI	Federal Bureau of Investigation
FBWT	Fund Balance with U.S. Treasury
FCSC	Foreign Claims Settlement Commission
FECA	Federal Employees Compensation Act
FECA SBF	FECA Special Benefits Fund
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees System
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.
FR	Financial Report
FRDA	Fraud Reduction and Data Analytics
FSA	First Step Act
FTAP	Firearms Technical Assistance Project
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GAN	Grant Adjustment Notice
GMRA	Government Management Reform Act
GPFFR	General Purpose Federal Financial Reports
GPP&E	General Property, Plant & Equipment
GPRA	Government Performance and Results Act
GPRAMA	GPRA Modernization Act of 2010
GPRS	Grant Payment Request System
GSA	General Services Administration
GTAS	Governmentwide Treasury Account Symbol

H

HHS	Department of Health and Human Services

I

IG	Inspector General
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
MD&A	Management's Discussion and Analysis
MP	Major Program

N

N/A	Not Applicable
NADA	National Automobile Dealers Association
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 of 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
PIIA	Payment Integrity Information Act of 2019
PPE	Personal Protective Equipment
PRAO	Professional Responsibility Advisory Office
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

S

SADF	Seized Asset Deposit Fund
SAM	System for Award Management
SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCAAP	State Criminal Alien Assistance Program
SFFAS	Statement of Federal Financial Accounting Standards
SOR	Strategic Objective Review

T

TAX	Tax Division
TEPP	Threat Enforcement Prioritization Process
TJSIP	Tribal Justice Systems Infrastructure Program
Trust Fund	Federal Prison Commissary Fund
TSP	Thrift Savings Plan

U

UDO	Undelivered Orders
UFMS	Unified Financial Management System
U.S.	United States
USAs	United States Attorneys
USAO	United States Attorneys' Offices
U.S.C.	United States Code
USD	United States Dollars
USMS	United States Marshals Service
UPC	United States Marshals Service
USPC	United States Parole Commission
USSGL	United States Standard General Ledger
UST	Executive Office for United States Trustees
USVSST	United States Victims of State Sponsored Terrorism Fund

V

VAWA	Violence Against Women Act
VCF	Victim Compensation Fund
VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing

W

WTC	World Training Center

APPENDIX C

Department Websites

Component	Website
Assets 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	https://www.deadiversion.usdoj.gov/
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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We Welcome Your Comments and Suggestions!

Thank you for your interest in the Department of Justice FY 2021 Agency Financial Report. We welcome your comments and suggestions on how we can improve this report for FY 2022. Please email any comments to: performance@usdoj.gov

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https://www.justice.gov/doj/fy-2021-agency-financial-report

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