U.S. Department of
JUSTICE

Agency Financial Report

Fiscal Year 2026



September 30, 2026

Justice Management Division

U.S. Department of Justice
Agency Financial Report
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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 report 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 Fiscal Year (FY) 2026 and FY 2025 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 context for the financial information in the MD&A of the Department; analysis of the Department's financial statements; analysis of systems, controls, and legal compliance which contains the 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 Circular A-123 (OMB A-123).*

Section II – Financial Section: This section includes OIG's Transmittal Memorandum on the Department's FY 2026 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 Summary of Financial Statement Audit and Management Assurances, 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 and grants.

Appendices: This section includes (A) Acronyms, (B) Department Component Websites, and (C) Office of Inspector General Analysis and Summary of Actions Necessary to Close the Report.
This report is available at URL: Department of Justice | FY 2026 Agency Financial Report [1]

[1] https://www.justice.gov/doj/fy-2026-agency-financial-report



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

November 16, 2026

A MESSAGE FROM THE ATTORNEY GENERAL

In FY 2026, the Department achieved historic progress in advancing public safety, strengthening national security, and improving community well-being. Violent crime declined at the steepest rate ever measured, supported by targeted prosecution of violent offenders and expanded national crime data. Our law enforcement components disrupted major transnational criminal organizations, removed over 300 million lethal doses of fentanyl from U.S. communities, and captured every individual on the FBI's Ten Most Wanted list—an unprecedented milestone. These operational outcomes were matched by strong organizational performance. Components delivered exceptionally high favorable resolution rates in national security and violent crime matters, exceeded targets for dismantling cartel-affiliated networks and firearms-trafficking groups, and recovered missing children at record levels. Modernization initiatives further enhanced mission delivery, including accelerated hiring, improved Bureau of Prisons staffing, and cost savings from strategic consolidation.

Our financial stewardship also remained strong. The Department earned its twenty-third consecutive unmodified audit opinion and is implementing corrective actions to address identified weaknesses in financial reporting, risk assessment, monitoring, and digital asset management. In accordance with the Reports Consolidation Act of 2000 and OMB Circulars A-11, A-123, and A-136, the Department has prepared the FY 2026 Agency Financial Report (AFR). The AFR includes DOJ's audited consolidated financial statements, as required by the CFO Act, GMRA, and ATDA, along with a statement of assurance under the Federal Managers' Financial Integrity Act. Corrective actions are underway and detailed in Section III of the AFR. Consistent with OMB Circular A-123, the Department can provide reasonable assurance that internal controls over operations, reporting, and compliance were effective as of September 30, 2026, except for the identified weaknesses.

Together, these achievements reflect a Department operating with discipline, accountability, and sustained excellence—protecting communities, upholding the rule of law, and advancing strategic priorities. We look forward to building on this progress as we continue strengthening DOJ's performance and impact in the year ahead.

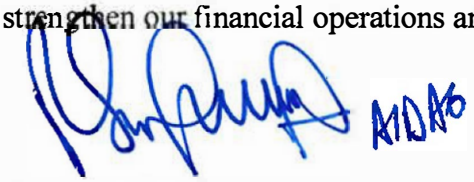
In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, we have prepared the FY 2026 Department of Justice's Agency Financial Report (AFR). The AFR contains the Department's audited consolidated financial statements, as required 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).

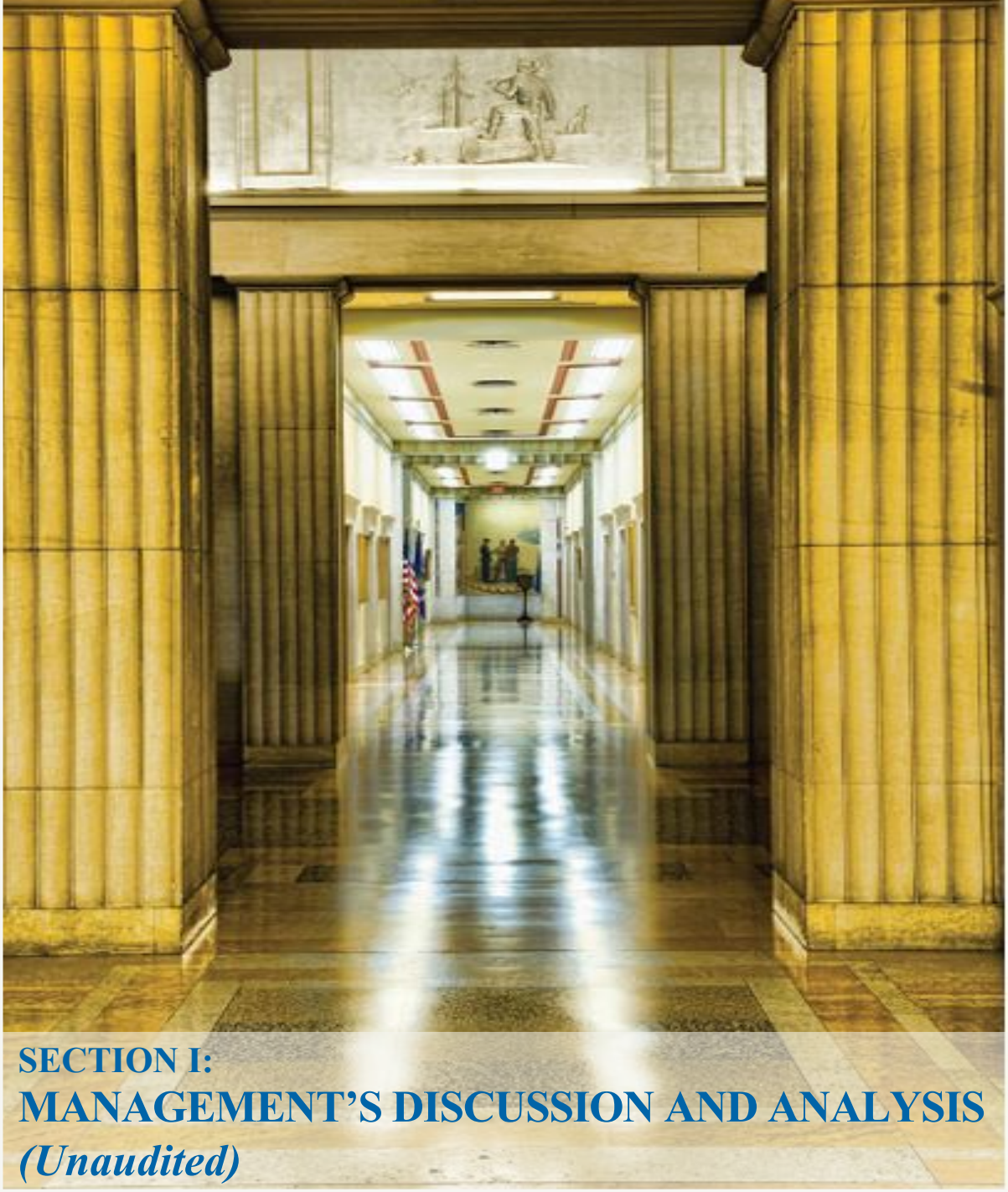
In FY 2026, the Department earned an unmodified audit opinion on our consolidated financial statements for the twenty-third straight year. The auditor's report on internal control identified a material weakness at the consolidated level due to improvements needed in the areas of financial reporting, risk assessment processes, and monitoring activities and second material weakness due to improvements needed related to the management of digital assets. Our corrective actions are documented in Section III of this report.

The Department's assessment of risk and internal control in FY 2026 was conducted in accordance with OMB Circular A-123. Based on the results of the assessment and Assurance Statements provided by Department components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2026, except for the material weaknesses identified at the consolidated level due to improvements needed in the areas of internal controls over financial reporting and internal controls over digital assets. Details of those weaknesses are provided in the AFR section regarding Analysis of Systems, Controls, and Legal Compliance. Corrective actions are already underway and will be evaluated as part of the Department's FY 2027 A-123 internal control assessment.

We look forward to working with our components, the Office of the Inspector General, and auditors in FY 2027 to continue to strengthen our financial operations and reporting.



for Todd Blanche
Attorney General



SECTION I:
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

RFK Building, fifth floor Constitution Avenue corridor

In This Section:

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Context for the Financial and Performance Information in the MD&A

Mission Statement

"The mission of the Department of Justice (DOJ) is to uphold the rule of law, to keep our country safe, and to protect civil rights."

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

Independence and Impartiality. The Justice Department works each day to earn the public's trust by following the facts and the law wherever they may lead, without prejudice or improper influence.

Honesty and Integrity. The Justice Department's employees adhere to the highest standards of ethical behavior, mindful that, as public servants, we must work to earn the trust of, and inspire confidence in, the public we serve.

Respect. The Justice Department's employees value differences in people and in ideas and treat everyone with fairness, dignity, and compassion.

Excellence. The Justice Department works every day to provide the highest levels of service to the American people and to be a responsible steward of the taxpayers' dollars.

The following link offers a comprehensive overview of the Department of Justice's organizational structure, core subject matter areas, strategic initiatives, and official programs. DOJ | Our Work [2]

The Department of Justice's AFR consolidates nine principal reporting entities, which are detailed below. Each respective component supports at least one major program aligned with the Department's core mission objectives.

- 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)

[2] https://www.justice.gov/our-work

Financial Trends in Major Programs and Performance Information

In alignment with *SFFAS 64, Management's Discussion and Analysis*, the Department organizes its presentation of key performance results and financial measures around its major programs, which serve as the primary responsibility segments reported on the Statement of Net Cost. This integrated approach presents the vital financial measures alongside corresponding key performance indicators (KPIs) to provide insight into how budgetary and financial resources affect operational and strategic accomplishments.

To accomplish complex mission objectives, more than one organizational component or major program may cross-service, collaborate, and collectively contribute to a shared strategic objective and its KPIs. To maintain reporting clarity, KPIs are structured below under the primary major program contributor.

Detailed analysis regarding the Department's FYs 2026 – 2030 Strategic Plan[3] objectives, along with full-year historical trends and final performance metrics for these measures, will be presented in the Department's *FY 2026 Annual Performance Report (APR) / FY 2026 Annual Performance Plan (APP)*, and submitted with the *President's Budget* in February 2027.

Major Program 1 - Law Enforcement: Protects and defends the United States against foreign and domestic threats by investigating, enforcing, and upholding the laws of the United States.

Chart 1: FYs 2026 and 2025 Key Financial Measures of Major Program 1

Key Financial Measures (by component) Dollars in Billions								
FY 2026	AFF/SADF	ATF	DEA	FBI	OBDs[4]	USMS	Elimination	Total
Total Budgetary Resources	$5.7	$1.8	$3.8	$14.6	$4.0	$2.8	$—	$32.7
New Obligations	$2.9	$1.7	$3.4	$12.6	$1.7	$2.7	$—	$25.0
Budgetary Outlays, Net	$2.5	$1.6	$3.2	$10.7	$0.9	$2.5	$—	$21.4
Net Cost of Operations	$2.6	$1.7	$2.8	$11.4	$0.9	$2.6	$(0.4)	$21.6
Total Assets	$10.2	$0.7	$1.8	$10.0	$3.1	$1.4	$(0.3)	$26.9
Total Liabilities	$6.8	$0.4	$1.6	$1.8	$0.3	$0.4	$(0.2)	$11.1
FY 2025	AFF/SADF	ATF	DEA	FBI	OBDs	USMS	Elimination	Total
Total Budgetary Resources	$5.2	$2.0	$4.1	$15.0	$0.6	$3.0	$—	$29.9
New Obligations	$1.7	$1.8	$3.4	$12.4	$0.6	$2.5	$—	$22.4
Budgetary Outlays, Net	$1.7	$1.7	$3.2	$11.2	$0.5	$2.5	$—	$20.8
Net Cost of Operations	$1.6	$1.9	$2.8	$12.0	$0.5	$2.6	$(0.4)	$21.0
Total Assets	$9.3	$0.9	$2.1	$10.2	$0.1	$1.6	$(0.1)	$24.1
Total Liabilities	$5.6	$0.3	$1.6	$1.8	$0.1	$0.5	$(0.2)	$9.7

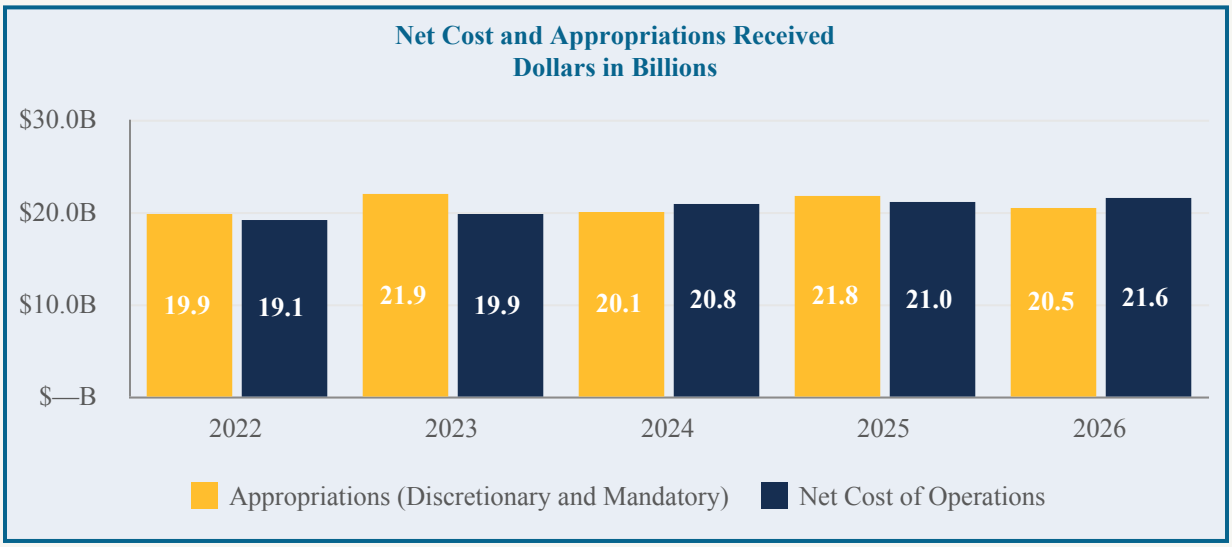
* Zero values represent amounts less than $50 million rounded.
* Table values may differ from financial statements due to rounding.

[3] https://www.justice.gov/doj/strategic-plan-fys-2026-2030
[4] Prior to FY 2026, OBDs contribution to Major Program 1 only included the Executive Office for Organized Crime Drug Enforcement Task Forces (OCDETF). In FY 2026, Major Program 1 also included funding associated with the *One Big Beautiful Bill Act (OBBBA) under section 100054 of P.L. 119-21*.

In FY 2026, the Law Enforcement Major Program increased budgetary resources by approximately $2.8 billion. The increase was substantially driven by *P.L. 119-21*, the *One Big Beautiful Bill Act* (OBBBA or OB3). While approximately $3.3 billion of OBBBA was carried forward, impacting unobligated balance brought forward, $2.3 billion remains unobligated and with approximately $1.8 billion available in subsequent periods due to the appropriation's multi-year status. Despite a marginal increase in FY 2026 of approximately $0.6 billion, net cost of operations is expected to increase over the next several years as the Department prioritizes its newly adopted strategic goals and performance objectives, and the OBBBA funding will be a key contributor.

The chart below is a five year trend of appropriations compared to net cost of operations, for the Law Enforcement Major Program. Generally, as appropriations increase it correlates to increased net cost. As indicated in the chart, the Department received less appropriations in FY 2026. However, because the OB3 funding was received late in FY 2025, the use of those funds predominately began in FY 2026 and contributed to an increase in net cost of operations.

Chart 2: Law Enforcement Major Program Comparison of Net Cost to Appropriations FYs 2022 - 2026



Key Performance and Objectives of Law Enforcement Major Program

As part of the strategic plan, the Department of Justice prioritizes the dismantling of transnational criminal networks and enforcement of immigration laws to address sophisticated smuggling operations and a 3.6-million-case backlog. Efforts include enhanced interagency coordination, accelerated removal initiatives, and prosecuting traffickers using severe charges to bolster border security.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
1.3	Number of disruptions or dismantlements of priority cartel-affiliated organizations	Baseline*	791	Baseline yr.
1.4	Number of human trafficking and human smuggling investigations that achieved at least one enforcement impact milestone	373	455	Achieved

* For newly implemented KPIs, the first year results establish a baseline for future targets.

The Department has made significant progress in reducing violent crime across the country. According to FBI's Crime Data Explorer,[5] reported violent crime declined by 9.3 percent overall from 2024 to 2025. Americans continue to experience violent crime—particularly homicide—at rates several times higher than other developed nations. However, according to the Crime Data Explorer,[6] in the one period from September 2025 to September 2026, homicides fell to 11,616 reported offenses compared to 15,899 from September 2024 to September 2025.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
1.2	Number of disrupt and dismantle accomplishments on violent crime threats	Baseline	3,273	Baseline yr.
1.3	Number of firearms trafficking cases referred for prosecution	2,160	2,759	Achieved

Summary of Enterprise Risks for Law Enforcement Major Program

The Department views transnational criminal organizations (TCOs) as a threat to the United States and its citizens. If the Department is unable to disrupt these organizations and their activities, then violent crime, drug addiction, human trafficking, and deaths by drug overdose will increase. To mitigate this risk the Department is actively working to improve coordination within the law enforcement community and continuing to seek opportunities to enhance cooperation.

The Department's capacity to preempt criminal activity, neutralize cyber threats, and safeguard national security is significantly compromised when impenetrable encryption obstructs the timely acquisition of electronic evidence and intercepted communications. To ensure this does not impede mission critical objectives, the Department is exploring the development and procurement of technical solutions that may be lawfully deployed. This includes partnering with national and international law enforcement to explore developmental technologies for lawful access solutions.

Major Program 2 - Litigation and Compensation: The litigating function defends or asserts the laws, programs, and policies of the United States and ensures greater coordination and unity of purpose between prosecutors and law enforcement agencies. The compensation function ensures that proceeds, monetary penalties, and fines are deposited into compensation funds that are distributed to victims.

[5] https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/explorer/crime/crime-trend
[6] https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/explorer/crime/shr

Chart 3: FYs 2026 and 2025 Key Financial Measures of Major Program 2

Key Financial Measures (by OBDs affiliate) Dollars in Billions								
FY 2026	VCF[7]	USVSSTF[8]	RECA[9]	EOUSA[10]	GLA[11]	Other[12]	Elimination	Total
Total Budgetary Resources	$2.4	$3.4	$4.7	$3.1	$1.9	$1.1	$—	$16.6
New Obligations	$2.4	$2.8	$2.8	$2.8	$1.4	$0.7	$—	$12.9
Budgetary Outlays, Net	$2.4	$2.8	$2.8	$2.5	$0.9	$0.2	$—	$11.6
Net Cost of Operations	$2.9	$0.3	$9.6	$2.9	$1.0	$0.1	$(0.7)	$16.1
Total Assets	$0.1	$0.6	$1.9	$0.9	$0.6	$1.0	$—	$5.1
Total Liabilities	$4.4	$0.6	$8.9	$0.4	$0.2	$0.2	$(0.1)	$14.6
FY 2025	VCF	USVSSTF	RECA	EOUSA	GLA	Other	Elimination	Total
Total Budgetary Resources	$2.0	$4.9	$0.8	$3.5	$2.2	$1.0	$—	$14.4
New Obligations	$2.0	$1.8	$0.4	$2.7	$1.6	$0.8	$—	$9.3
Budgetary Outlays, Net	$2.0	$1.8	$0.4	$2.5	$1.0	$0.4	$—	$8.1
Net Cost of Operations	$3.0	$0.4	$—	$3.1	$1.2	$0.4	$(0.7)	$7.4
Total Assets	$0.1	$3.1	$0.4	$1.3	$0.7	$0.8	$(0.1)	$6.3
Total Liabilities	$3.8	$3.1	$—	$0.4	$0.2	$0.1	$(0.1)	$7.5

* Zero values represent amounts less than $50 million rounded.
* Table values may differ from financial statements due to rounding.

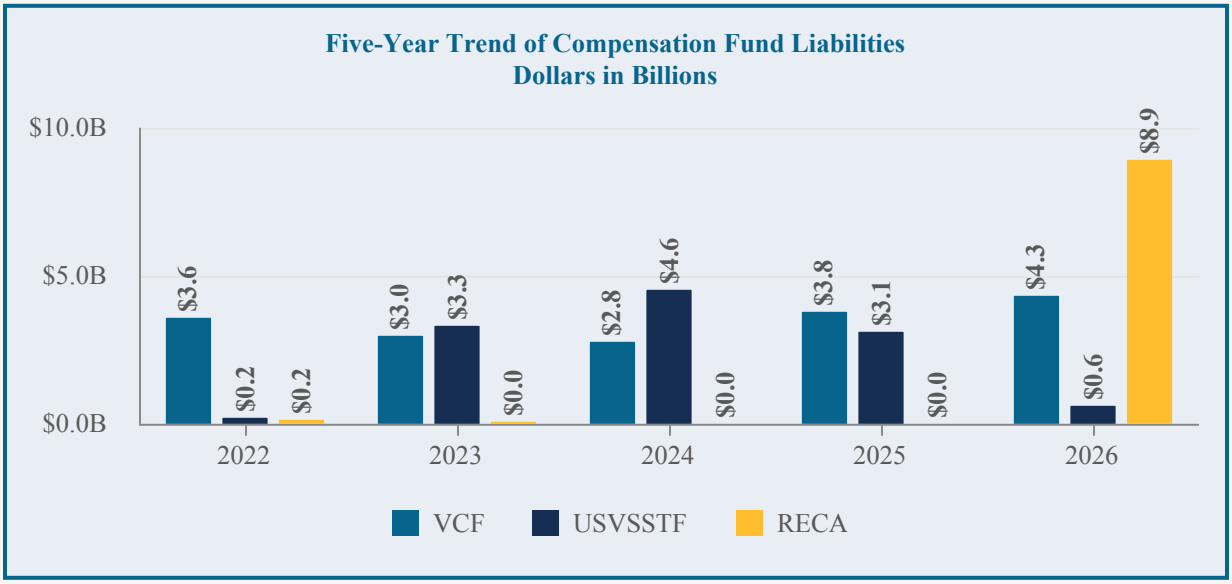
In FY 2026, the Litigation and Compensation Major Program increased budgetary resources by $2.2 billion primarily due to *P.L. 119-21* which both expanded eligibility of the RECA program and extended it through FY 2029. The program's expansion notably increased claimants award amounts, added covered geographic areas, and created the Manhattan Project Waste claimant category. In FY 2026, the RECA program increased budgetary resources by approximately $3.9 billion, due to $2.2 billion in appropriations received in the RECA receipt account, which was transferred to the RECA Trust Fund. While both the appropriations received and transfer are reflected in budgetary resources, the transfer is also recorded as a new obligation and an outlay in the receipt account.

The increase to budgetary resources was offset by a reduction to USVSSTF budgetary resources of approximately $1.5 billion largely due to the issuance of the sixth round of eligible claimant payments early in FY 2026.

In addition, the RECA program increased net cost by approximately $9.6 billion due mostly to a newly implemented actuarial model used to project future claims. This was the predominant factor for an overall Major Program net cost increase of $8.7 billion, and overall liability increase of $7.1 billion. For more information regarding RECA and other compensation funds, refer to Note 26, Compensation Funds.

[7] Victims Compensation Fund (VCF)
[8] United States Victims of State Sponsored Terrorism Fund (USVSSTF)
[9] Radiation Exposure Compensation Act
[10] Executive Office for U.S. Attorneys
[11] General Legal Activities (GLA) and Independent Counsel (IC) are combined
[12] Other, represents smaller offices and divisions including Antitrust Division (ATR), National Security Division (NSD), and Fees and Expenses of Witnesses (FEW).

Chart 4: FYs 2022 - 2026 Trend of Compensation Fund Liabilities



The above chart displays a five year trend of selected compensation fund liabilities. The VCF liabilities has stayed relatively consistent. This is due, in part, to the model used to project future claims, which is based on assumptions over historical claims approved and denied for a specific period of time. The RECA actuarial model for projected future liabilities relies on actual claim data, U.S. census data, geographic region, and estimated liabilities from FY 1992 through FY 2026. Once sufficient information was available, the RECA actuarial claims model was implemented in FY 2026, pursuant to the program expansion pursuant to *P.L. 119-21*.

USVSSTF relies predominately on receipt of forfeiture funds. However, in FY 2023 Congress appropriated $3.0 billion for "catch-up" payments under the *Fairness Act,* for the 1983 Beirut Barracks bombing victims and certain 1996 Khobar Towers bombing victims. As of September 30, 2026, the vast majority of appropriated dollars have been disbursed to claimants.

In October 2026, the United States District Court for the District of Columbia issued a summary judgment for the plaintiffs in Englehardt v. Blanche. As it stands, the most recent court ruling will have an impact on USVSSTF liabilities in FY 2027. For more information refer to Note 28, Subsequent Events.

Key Performance and Objectives of Litigation and Compensation Major Program

Compensation funds exist to provide financial relief, restitution, and redress to individuals who have suffered harm, ensuring that the justice system goes beyond punishing wrongdoers to actively making victims whole. Compensation funds, due to the dollar amounts involved, are predominately the cause of significant financial fluctuations within the major program. In DOJ's strategic plan the litigating component of Major Program 2 focuses on achieving results judiciously for crimes against the United States and its citizens. Below are significant key performance indicators by their strategic objective to help guide DOJ in accomplishing mission objectives.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
1.1	Percent of counterterrorism defendants whose cases were favorably resolved	90%	100%	Achieved
1.4	Percent of federal human smuggling crime defendants' cases favorably resolved	90%	100%	Achieved
2.1	Percent of federal criminal fraud against the government defendants' cases favorably resolved	90%	98%	Achieved
2.2	Percent of Civil Rights Division cases that are favorably resolved	85%	61%	Not Achieved

Summary of Enterprise Risks for Litigation and Compensation Major Program

If the DOJ fails to develop enterprise-wide e-Litigation proficiency and keep pace with technological changes, then it will struggle to manage the exponential growth and complexity of digital discovery, risking critical operational bottlenecks. To mitigate this risk, the Department is identifying necessary resources and tools while actively adopting cloud-based technologies and modernizing mission-critical applications. Backed by significant investments in cloud storage over the next several years, this strategy will deliver the scalable infrastructure required to process expanding volumes of digital evidence efficiently.

Major Program 3 - 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 successful reentry.

Chart 5: FYs 2026 and 2025 Key Financial Measures of Major Program 3

Key Financial Measures Dollars in Billions						
FY 2026	BOP	FPI	USPC[13]	USMS	Elimination	Total
Total Budgetary Resources	$15.3	$1.0	$—	$2.3	$—	$18.6
New Obligations	$10.6	$0.8	$—	$2.2	$—	$13.6
Budgetary Outlays, Net	$8.9	$(0.1)	$—	$2.2	$—	$11.0
Net Cost of Operations	$10.0	$—	$—	$2.2	$(0.3)	$11.9
Total Assets	$9.9	$0.7	$—	$0.4	$—	$11.0
Total Liabilities	$3.0	$0.3	$—	$0.3	$—	$3.6
FY 2025	BOP	FPI	USPC	USMS	Elimination	Total
Total Budgetary Resources	$15.5	$0.7	$—	$2.3	$—	$18.5
New Obligations	$9.3	$0.5	$—	$2.2	$—	$12.0
Budgetary Outlays, Net	$9.1	$—	$—	$2.2	$—	$11.3
Net Cost of Operations	$9.9	$—	$—	$2.2	$(0.3)	$11.8
Total Assets	$11.0	$0.6	$—	$0.4	$—	$12.0
Total Liabilities	$2.8	$0.2	$—	$0.2	$(0.1)	$3.1

* Zero values represent amounts less than $50 million rounded.
* Table values may differ from financial statements due to rounding.

[13] The U.S. Parole Commission (USPC) is an OBDs board and contributes to Major Program 3

New budgetary obligations was the most significant event in Major Program 3 for FY 2026. As part of the *P.L. 119-21* funding, the BOP received additional authority for salaries and expenses, and buildings and facilities. This is the primary reason for new obligations increasing approximately $1.6 billion across the Major Program. As noted below, the BOP faces significant challenges related to staffing levels and maintaining an aging infrastructure. Net cost is expected to increase over the next several fiscal years at BOP, as approximately $3.4 billion of these funds remain unobligated.

Key Performance and Objectives of Prisons and Detention Major Program

The Department of Justice works to enhance public safety by maintaining a safe, humane, and effective federal prison system, allowing for the implementation of rehabilitative efforts designed to prepare individuals in custody for successful reentry into the community. DOJ seeks to strengthen institutional safety and effectiveness by increasing mission-critical staffing. Furthermore, DOJ will optimize the use of transportation resources and in-transit prisoner housing locations to promote the efficiency of the national prisoner transportation network.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
3.3	Vacancy rate of BOP law enforcement officer positions	18%	10%	Achieved

Summary of Enterprise Risks for Prisons and Detention Major Program

The result of under staffing and overburdened employees at prison facilities results in substantial mandatory overtime and the use of staff augmentation. If this continues to be the norm, then adverse safety and security issues will increase impacting all aspects of institutional operations. In addition, if systemic operational deficiencies—specifically delayed preventive care, fragmented care coordination, chronic staffing shortages, and restricted specialty access—persist within prison facilities, then patient populations will remain exposed to heightened risks of adverse clinical outcomes.

To thwart advancement of these risks, recruitment and hiring teams have been deployed to institutions experiencing staffing shortages in an effort to identify qualified and available candidates. This includes expanding primary telehealth services by hiring physicians dedicated to remotely support short-staffed facilities. Lastly, utilizing a national Quality Navigator to capture clinical and administrative metrics will allow enhanced monitoring and tailored intervention to institutions with the highest health risks.

Major Program 4 - 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.

Chart 6: FYs 2026 and 2025 Key Financial Measures of Major Program 4

Key Financial Measures Dollars in Billions					
FY 2026	COPS[14]	OVW[15]	OJP	Elimination	Total
Total Budgetary Resources	$0.8	$1.1	$11.9	$—	$13.8
New Obligations	$0.4	$0.5	$4.3	$—	$5.2
Budgetary Outlays, Net	$0.5	$0.6	$3.9	$—	$5.0
Net Cost of Operations	$0.5	$0.6	$4.1	$(0.1)	$5.1
Total Assets	$1.7	$2.0	$19.4	$(0.1)	$23.0
Total Liabilities	$0.1	$0.1	$0.9	$(0.3)	$0.8
FY 2025	COPS	OVW	OJP	Elimination	Total
Total Budgetary Resources	$0.5	$0.9	$10.1	$—	$11.5
New Obligations	$0.4	$0.5	$3.7	$—	$4.6
Budgetary Outlays, Net	$0.6	$0.6	$4.9	$—	$6.1
Net Cost of Operations	$0.6	$0.6	$5.0	$(0.1)	$6.1
Total Assets	$1.4	$1.9	$19.6	$—	$22.9
Total Liabilities	$0.2	$0.1	$0.8	$(0.1)	$1.0

* Zero values represent amounts less than $50 million rounded.
* Table values may differ from financial statements due to rounding.

Total budgetary resources increased for OJP by approximately $1.8 billion. This was substantially the result of *P.L. 119-21* which increased funding for state and local law enforcement assistance. Normally it would be expected for net cost to increase when funding increases. However, OJP's net cost decreased by approximately $0.9 billion mainly due to decreased grant expenses. Often times with grant making programs, there is a lag time between when appropriations are received, and issuing qualifying grants. For this reason, OJP is expected to increase advances in the future for state and local law enforcement. Once programmatic progress is made with the use of those advanced funds, it will result in increased net cost of OJP.

Key Performance and Objectives of Grants Major Program

DOJ helps to foster safe communities by funding grant programs, delivering training, and leading community outreach. The Department aggressively fights predatory crimes against Americans—such as internet scams, elder fraud, financial exploitation, crimes against children, and violence against women. Additionally, DOJ deploys collaborative, community-level strategies to combat the drug epidemic while funding comprehensive support services for crime victims.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
1.2	Number of state and local law enforcement personnel supported through federal funding	1,155	TBD	
2.3	Number of victim services provided by the Office for Victims of Crime (OVC) grantees[16]	Baseline	TBD	

[14] Community Oriented Policing Services (COPS) is an OBDs office
[15] Office on Violence Against Women (OVW) is an OBDs office
[16] Office for Victims of Crime (OVC) is an office within OJP

Summary of Enterprise Risks for Grants Program

If the Department stops reinforcing and sustaining hard-won public safety gains, made by surging resources to areas with high violent crime rates, then public safety improvements could be lost and violent crime rates are likely to rebound. To avoid digression, the Department is prioritizing direct law enforcement resources to state and local law enforcement agencies via federal resources to increase capacity for training, technical assistance, partnership building, and recruitment.

Major Program 5 - Executive Oversight and Enterprise Technology: Executive Oversight provides advice to senior management officials on matters including, but not limited to policy for budget and financial management, personnel management and training, procurement, equal employment opportunity, information processing, telecommunications, security, and all matters pertaining to organization authorities; also includes vital functions such as adjudicating immigration cases, preserving the bankruptcy system, managing multi-agency task forces, and national criminal justice programs.

Enterprise Technology: Protects critical mission assets by strengthening security in particular areas including access management and incident response and recovery.

Chart 7: FYs 2026 and 2025 Key Financial Measures of Major Program 5

Key Financial Measures (by OBDs affiliate) Dollars in Billions									
FY 2026	JMD[17]	WCF[18]	EOIR[19]	OIG[20]	UST[21]	DCM[22]	Other[23]	Eliminations	Total
Total Budgetary Resources	$0.3	$2.7	$1.0	$0.2	$0.2	$—	$0.2	$—	$4.6
New Obligations	$0.2	$2.3	$0.8	$0.2	$0.2	$—	$0.1	$—	$3.8
Budgetary Outlays, Net	$0.2	$—	$0.6	$0.1	$0.2	$—	$—	$—	$1.1
Net Cost of Operations	$0.2	$0.1	$0.6	$0.1	$(0.1)	$—	$—	$1.6	$2.5
Total Assets	$0.1	$0.8	$0.4	$0.1	$0.5	$7.8	$0.1	$(0.3)	$9.5
Total Liabilities	$—	$0.3	$0.1	$—	$—	$7.8	$—	$(0.1)	$8.1
FY 2025	JMD	WCF	EOIR	OIG	UST	DCM	Other	Eliminations	Total
Total Budgetary Resources	$0.3	$2.7	$2.1	$0.2	$0.3	$—	$0.2	$—	$5.8
New Obligations	$0.2	$2.2	$0.9	$0.2	$0.3	$—	$0.1	$—	$3.9
Budgetary Outlays, Net	$0.2	$—	$0.9	$0.2	$0.2	$—	$0.1	$—	$1.6
Net Cost of Operations	$0.2	$—	$0.9	$0.2	$—	$—	$0.1	$1.5	$2.9
Total Assets	$0.1	$0.8	$1.5	$0.1	$0.4	$9.8	$0.1	$(0.3)	$12.5
Total Liabilities	$—	$0.2	$0.1	$—	$—	$9.8	$—	$(0.1)	$10.0

* Zero values represent amounts less than $50 million rounded.
* Table values may differ from financial statements due to rounding.

[17] Justice Management Division
[18] Working Capital Fund
[19] Executive Office for Immigration Review
[20] Office of the Inspector General
[21] Executive Office for United States Trustees
[22] Debt Collection Management
[23] Other, includes Foreign Claims Settlement Commission (FCSC), Justice Information Sharing Technology (JIST), Community Relations Service (CRS), miscellaneous receipt accounts, and suspense accounts.

DCM's total assets reduced by approximately $2.0 billion and was the main driver for an overall reduction in total assets across the major program. While DCM's accounts receivable balance increased by approximately $2.8 billion, several new cases and previously recorded cases were deemed uncollectible. The result was a net decrease to accounts receivable of approximately $2.1 billion. This had a similar effect on DCM liabilities which decreased by approximately $2.0 billion.

Key Performance and Objectives of Executive Oversight and Enterprise Technology Major Program

To better serve the American public, DOJ seeks to modernize its workforce systems to attract, hire, develop, and retain a high-performing, accountable workforce that advances the rule of law and delivers results with excellence. In addition, DOJ seeks to reduce fragmentation of IT across the Department by consolidating IT functions, expanding adoption of enterprise-wide platforms and shared services, and paving the way for innovation and automation, which will support architecture standardization, reduction of duplicative investments, and expansion of Super Intelligence (SI) and automation use cases.

Strategic Objective	Key Performance Indicator	FY 2026 Target	FY 2026 Actual	Target Achieved?
1.4	Adjudicate immigration cases: total case completions	Baseline	970,305	Baseline yr.
3.1	Number of days to hire	80	74	Achieved

Summary of Enterprise Risks for Executive Oversight and Enterprise Technology Major Program

It is essential for the Department to recruit, onboard, and train critical staff to replace substantial attrition in critical roles. If this risk is not mitigated then existing staff face an unsustainable burden that significantly impacts their ability to manage an increasingly demanding workload to meet Department and Administration goals. The Department continues efforts to accelerate recruitment, hiring, and onboarding to fill staffing gaps.

Across the Department effective IT modernization is becoming an increasing risk. If DOJ does not modernize its technology on an enterprise-wide scale, including the use of ethical SI, and continues operating on dissimilar information systems, then DOJ risks further lags in technological capability, information sharing, and data management, leading to increased long-term costs to adapt workarounds to accommodate outdated technology. However, the Department has made recent strides in deploying business process automation, business intelligence, and cloud-based platforms.

Analysis of Financial Statements

The Department's financial statements received an unmodified audit opinion for the fiscal years ended September 30, 2026 and 2025. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) and *Office of Management & Budget Circular A-136 (OMB A-136)* financial reporting requirements.

The following information highlights the Department's financial position and results of operations for the fiscal years ended September 30, 2026 and 2025. The complete set of financial statements, related notes, and the opinion of the Department's auditor are provided in Section II of this document.

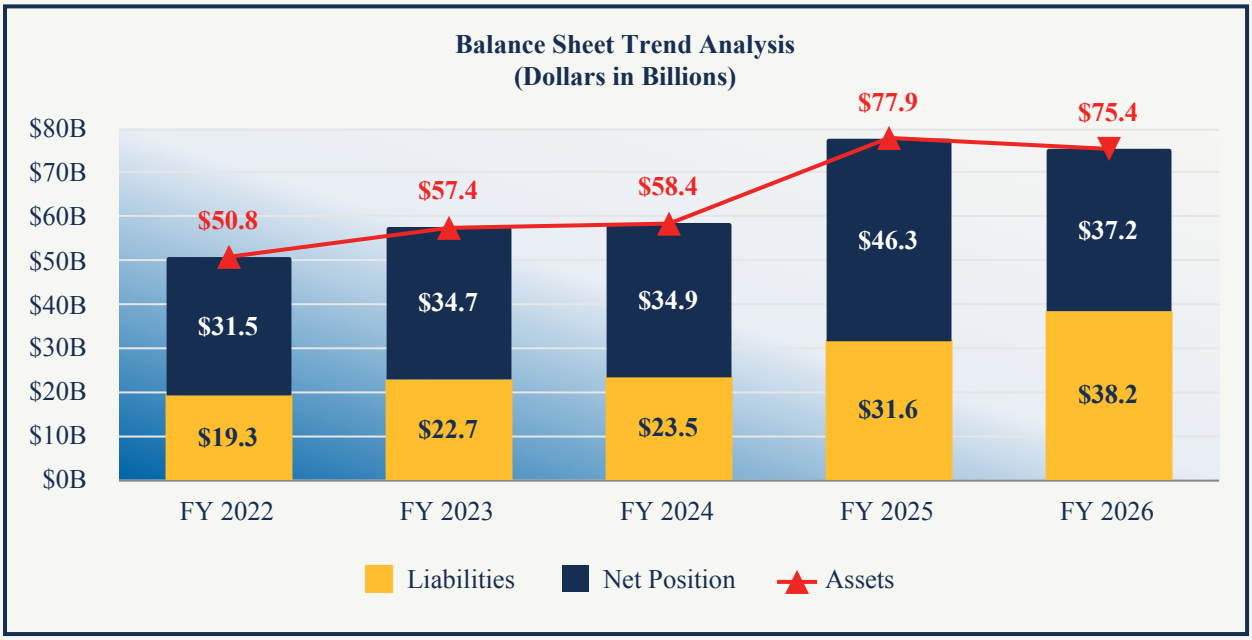
Chart 8: FYs 2026 and 2025 Key Financial Measures

U.S. Department of Justice Table of Key Measures				
Dollars in Billions	**FY 2026**	**FY 2025**	**Increase/(Decrease)**	
BUDGETARY RESOURCES				
Total Budgetary Resources	$ 86.4	$ 80.2	$ 6.2	7.7 %
Total Unobligated Balances	26.1	28.0	(1.9)	(6.8) %
Outlays, Net	50.1	48.0	2.1	4.4 %
COST OF OPERATIONS				
Gross Program Costs	$ 60.9	$ 52.7	$ 8.2	15.6 %
Less: Earned Revenue	3.8	3.4	0.4	11.8 %
Total Net Cost of Operations	**$ 57.1**	**$ 49.3**	**$ 7.8**	**15.8 %**
BALANCE SHEET				
Assets:				
Fund Balance with Treasury	$ 49.0	$ 48.1	$ 0.9	1.9 %
Cash & Other Monetary Assets	4.3	3.2	1.1	34.4 %
Investments, Net	3.9	6.2	(2.3)	(37.1) %
Accounts Receivable	8.0	10.1	(2.1)	(20.8) %
Property, Plant & Equipment, Net	8.6	8.8	(0.2)	(2.3) %
Other	1.6	1.5	0.1	6.7 %
Total Assets	**$ 75.4**	**$ 77.9**	**$ (2.5)**	**(3.2)%**
Liabilities:				
Accounts Payable	$ 3.1	$ 2.7	$ 0.4	14.8 %
Advances & Deferred Revenues	1.9	1.6	0.3	18.8 %
Federal Employee Benefits	3.1	3.2	(0.1)	(3.1) %
Compensation Fund Liabilities	13.8	6.9	6.9	100.0 %
Seized Cash & Monetary Instruments	5.8	4.6	1.2	26.1 %
Custodial Liabilities	7.5	9.7	(2.2)	(22.7) %
Other	3.0	2.9	0.1	3.4 %
Total Liabilities	**$ 38.2**	**$ 31.6**	**$ 6.6**	**20.9 %**
Net Position:				
Unexpended Appropriations	$ 33.7	$ 34.2	$ (0.5)	(1.5) %
Cumulative Results of Operations	3.5	12.1	(8.6)	(71.1) %
Total Net Position	**$ 37.2**	**$ 46.3**	**$ (9.1)**	**(19.7)%**

* Table values may differ from financial statements due to rounding.

Balance Sheet

Chart 9: Balance Sheet, Trend Analysis FYs 2022-2026

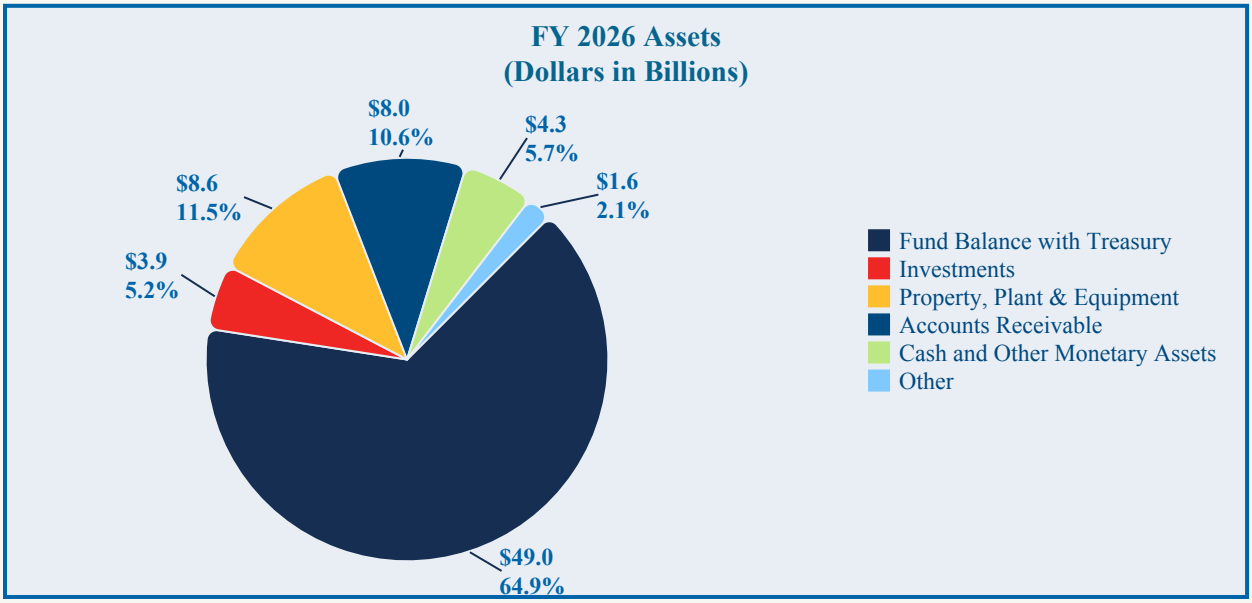


Assets

The Department's Consolidated Balance Sheets as of September 30, 2026 and 2025, reflects $75.4 billion and $77.9 billion in total assets, respectively. This represents a decrease of approximately $2.5 billion or 3.2 percent compared to the previous year's total.

This net reduction was driven by a $2.3 billion drop in investments, which occurred as USVSSTF liquidated assets to distribute its sixth round of claimant payments. Additionally, other than intragovernmental accounts receivable decreased by $2.1 billion; while the DCM program took on $2.8 billion in new cases, this growth was offset by writing off approximately $5.0 billion in older cases deemed uncollectible. These downward trends were partially countered by a $1.1 billion increase in cash and monetary assets deposited into the SADF. All remaining balance sheet line items accounted for a combined net increase of $800.8 million, which represents normal and expected operational fluctuations.

Chart 10: Breakdown of FY 2026 Assets, by Category



Liabilities

As of September 30, 2026 and 2025, total liabilities were $38.2 billion and $31.6 billion respectively, representing an increase of nearly $6.6 billion or 20.9 percent.

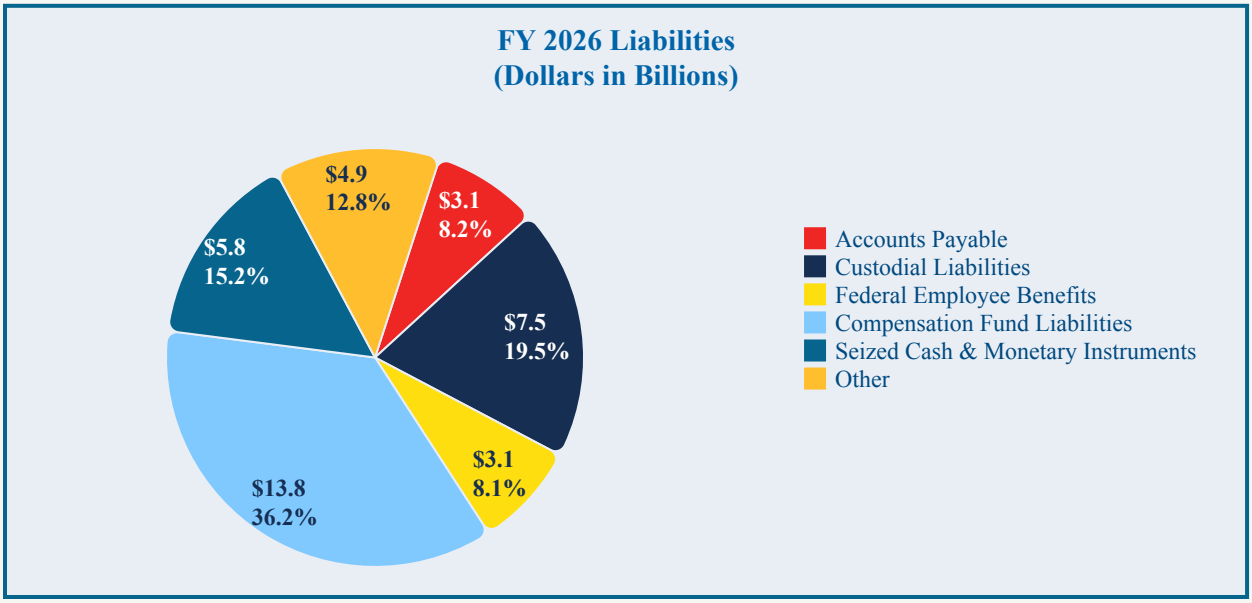
This growth was primarily driven by an $8.9 billion surge in RECA liabilities. This expansion followed the passage of *P.L. 119-21* (Subtitle C of Title X), which raised claimant award amounts, expanded covered geographic areas, and introduced the Manhattan Project Waste claimant category. To account for these changes, the Department implemented a new RECA actuarial model in FY 2026 based on newly acquired data. Additionally, seized cash and monetary instruments rose by nearly $1.2 billion due to large case deposits into the SADF.

These increases were partially offset by a $2.5 billion reduction in USVSSTF liabilities, following $2.8 billion in sixth-round payments distributed by the Special Master and minimal new forfeiture revenues outside of nominal interest. Custodial liabilities also declined by $2.2 billion, mirroring the net decrease in DCM accounts receivable. All remaining balance sheet line items accounted for a combined net increase of approximately $1.1 billion, representing normal and expected operational fluctuations.

Net Position

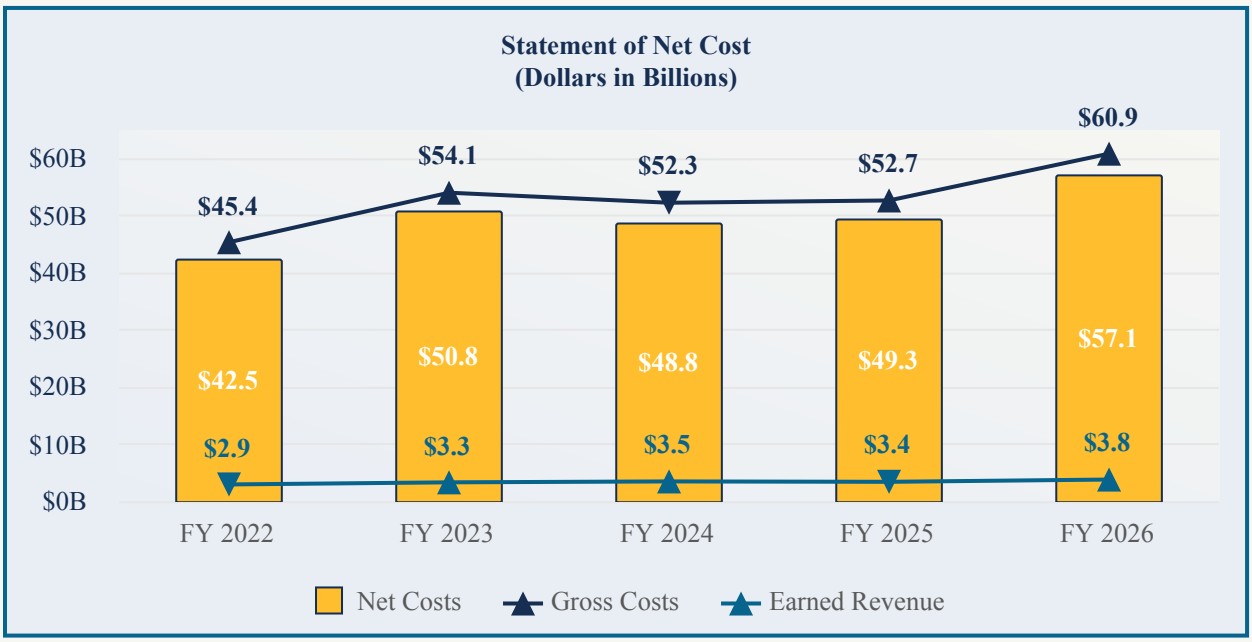
The combined impact of the decrease in total assets and the increase in total liabilities resulted in a net decrease to the Department's Net Position, which is analyzed in further detail within the Statement of Changes in Net Position section.

Chart 11: Breakdown of FY 2026 Liabilities, by Category



Statement of Net Cost

Chart 12: Statement of Net Cost, Tend Analysis FYs 2022-2026



Net Cost of Operations

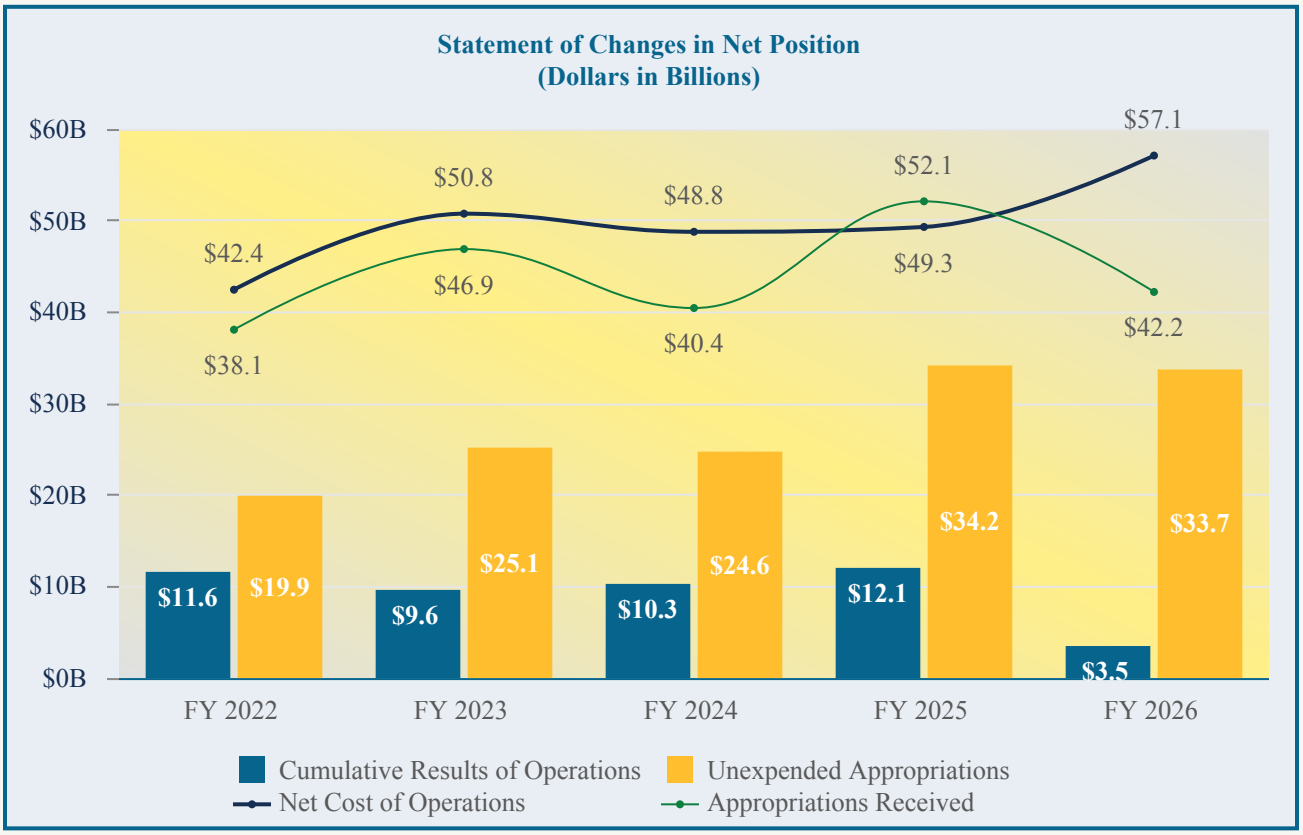
The Department presents their Consolidated Statements of Net Cost by major program. For the fiscal year ended September 30, 2026, net cost of operations totaled $57.1 billion, compared to $49.3 billion Reported in FY 2025. The result is an increase of $7.8 billion or 15.8 percent.

This upward trend was primarily driven by an $8.8 billion surge in gross costs within Major Program 2, Litigation and Compensation. Specifically, RECA expenses climbed by nearly $9.6 billion, though this was marginally offset by a combined $761.6 million in expense reductions across several areas, including the ATR by $67.3 million, GLA by $157.0 million, EOUSA by $309.5 million, FEW by $44.7 million, VCF by $84.1 million, NSD by $19.6 million, and the USVSSTF by $79.4 million.

The increased spending in Major Program 2 was partially counterbalanced by a $1.0 billion reduction in gross costs for Major Program 4, Grants. This decrease resulted from scaled-back grant-making activities within the COPS and OVW by $162.4 million and $6.0 million, respectively. Additionally, OJP saw an $882.3 million reduction in grant costs, which was largely tied to state and local law enforcement initiatives and the Crime Victims Fund (CVF).

Statement of Changes in Net Position

Chart 13: Statement of Changes in Net Position, Trend Analysis FYs 2022-2026



Total Unexpended Appropriations

The Department's Consolidated Statements of Changes in Net Position shows total unexpended appropriations of $33.7 billion as of September 30, 2026, compared to $34.2 billion in FY 2025, representing a decrease of $444.8 million or 1.3 percent.

Despite this modest overall reduction, significant shifts occurred within the underlying line items. Total appropriations received decreased by $9.8 billion, predominantly because the prior fiscal year included an $11.8 billion multi-year funding influx from *P.L. 119-21*. Excluding that legislated package, baseline Department-wide appropriations received fell by approximately $491.8 million in FY 2026, though these declines were partially offset by targeted funding increases for the RECA by $1.8 billion, COPS by $382.8 million, VCF by $168.3 million, and FEW by $50.0 million.

Concurrently, total appropriations used rose by $378.5 million. This net growth includes a $1.0 billion expansion in funds from other than dedicated collections, heavily driven by a $2.5 billion spike in the RECA receipt account. This surge was partially offset by a $1.0 billion reduction at OJP for state and local law enforcement, a $467.5 million reduction at the FBI, and marginal decreases across other operational areas. Counterbalancing the increase in non-dedicated collections was a $632.2 million decline in appropriations used from dedicated collections, which was directly related to the payout of USVSSTF Khobar and Beirut claims in FY 2025, with no new funding added to the USVSSTF in FY 2026. All other nominal changes across unexpended appropriations generated a combined net increase of approximately $225.5 million, representing normal operational fluctuations.

Total Cumulative Results of Operations

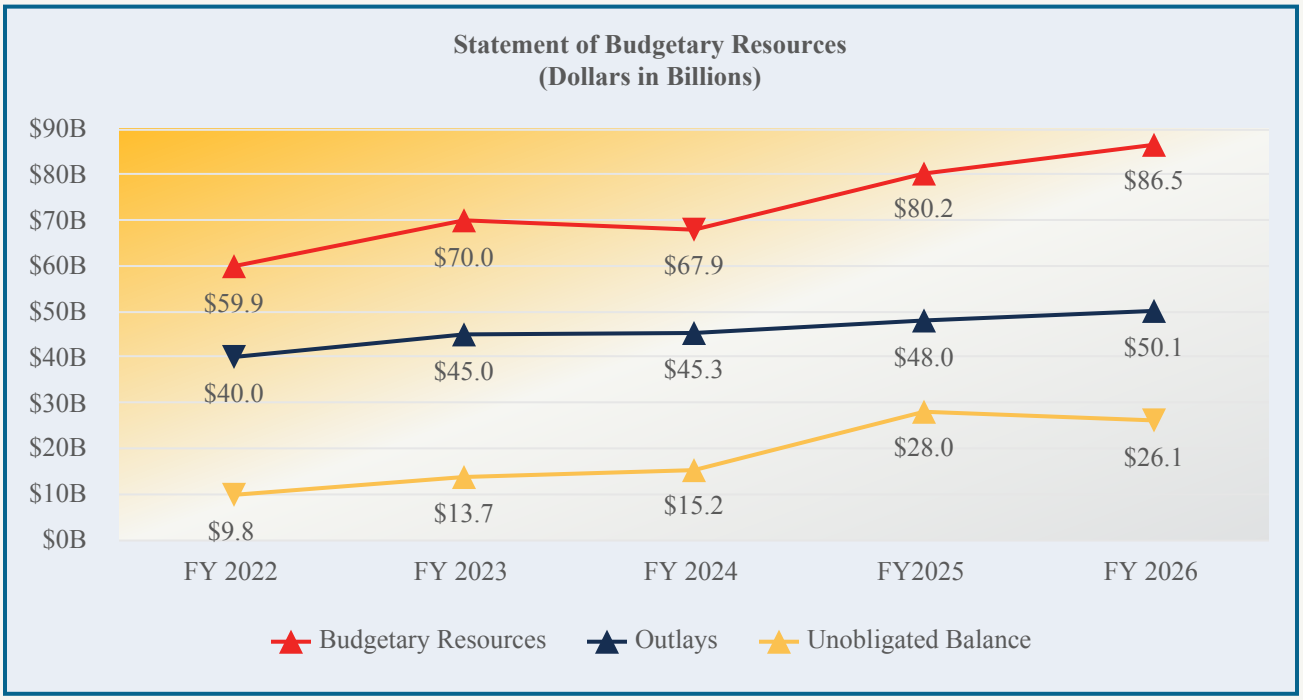
The Department's Consolidated Statements of Changes in Net Position reports cumulative results of operations of $3.5 billion as of September 30, 2026, compared to $12.1 billion in FY 2025, representing an decrease of approximately $8.6 billion or 71.1 percent.

This net contraction was heavily driven by a $7.8 billion increase in the net cost of operations, as detailed in the Net Cost section, combined with significant shifts in nonexchange revenues. Total nonexchange revenue fell by approximately $2.4 billion, primarily due to a $2.2 billion reduction in OJP funds from dedicated collections, which was caused by declining receipts within the CVF. Furthermore, USVSSTF nonexchange revenue fell by $116.3 million because the fund generated less interest after liquidating its Khobar/Beirut Reserve Fund investments to cover claims and financing its sixth round of eligible claimant payments.

These negative pressures were partially mitigated by positive financing sources. As previously stated, total appropriations used increased by $378.5 million, injecting critical funding back into operations. Additionally, combined donations and forfeitures of cash and property rose by approximately $328.3 million because case settlements involving physical property outpaced those involving cash and cash equivalents. Imputed costs also decreased by approximately $561.9 million due to lower baseline cost factors and overall personnel reductions. All remaining line items impacting cumulative results of operations resulted in a minor net decrease of approximately $183.7 million, representing normal and expected operational fluctuations.

Statement of Budgetary Resources

Chart 14: Statement of Budgetary Resources, Trend Analysis FYs 2022-2026



Budgetary Resources

As presented on the Department's Combined Statements of Budgetary Resources, total budgetary resources were $86.4 billion for the fiscal year ended September 30, 2026, compared to $80.2 billion in FY 2025 reflecting an increase of $6.3 billion or 7.7 percent. The primary cause of the increase in budgetary resources was an increase in unobligated balance from prior year budget authority (discretionary and mandatory), which increased by $12.7 billion. As a result of *P.L. 119-21*, BOP's carry forward increased approximately $5.0 billion between their S&E and B&F funds. OBDs carry forward increased approximately $2.5 billion, primarily related to RECA $335.1 million, OB3 $3.3 billion, OVW $219.6 million; which was offset by a reduction in USVSSTF $1.4 billion. OJP's carry forward increased $4.9 billion primarily related to state and local law enforcement activities. The remaining components combined for a net increase of approximately $263.4 billion.

Appropriations (discretionary and mandatory) decreased by $7.8 billion a drop that was similarly tied to the timing of *P.L. 119-21* funding. Across the Department, nearly all components experienced a collective reduction in new appropriations totaling approximately $9.7 billion. The exception to this trend was OBDs, which successfully increased their new appropriations by $1.7 billion.

Spending authority from offsetting collections increased $1.4 billion and is mainly tied to increased reimbursable activity, much of which is a result of *P.L. 119-21* and other business type activity.

Status of Budgetary Resources

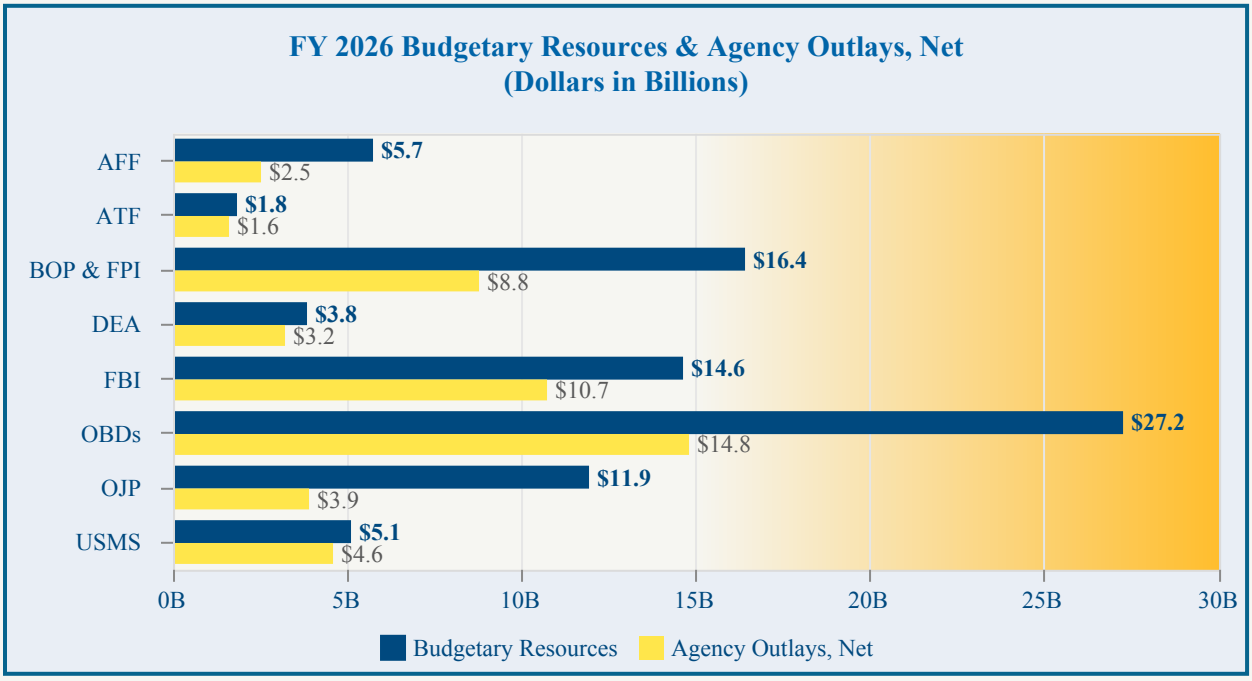
New obligations and upward adjustments increased $8.2 billion or 15.8 percent. OBDs led this growth with a net increase of $4.6 billion. This increase was primarily propelled by programmatic activities, including an $1.8 billion payment to RECA trust fund, a $1.4 billion increase for OB3, a $1.1 billion year-over-year rise in the USVSSTF related to the sixth-round disbursements, and a $631 million spike in direct RECA claimant payouts. OBDs also recorded a $353 million increase for the September 11th Victim Compensation Fund (VCF). These spending increases were partially offset by a combined reduction of $664.0 million across various other OBDs sub-components, including OCDETF, GLA, FEW, EOIR, OVW, and UST.

Outside of OBDs, significant obligation increases were concentrated across other components, with the BOP and OJP rising by $1.3 billion and $670.4 million, respectively, due to expanded funding linked to P.L. 119-21. Additionally, AFF grew by $1.1 billion from expanded contract awards, procurement actions, third-party payments, and higher investigative costs, FPI increased by $270.0 million to fulfill Department of Homeland Security (DHS) fleet orders. The FBI and other remaining components accounted for the remaining baseline operational changes to round out the total Department-wide increase.

Agency Outlays, Net

Agency outlays, net had a nominal increase of $389.0 million or 0.8 percent. This was the result of outlays increasing $2.1 billion, which was offset by distributed offsetting receipts increasing $1.7 billion due to RECA $1.8 billion transfer partially offset by a reduction to USVSSTF interest revenue of approximately $115 million.

Chart 15: Breakdown of FY 2026 Budgetary Resources & Agency Outlays, Net, by Component



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 Systems, Controls, and Legal Compliance

Financial Management Systems

The Department continues to advance its long-standing commitment to modernizing and sustaining its financial management systems to ensure accuracy, reliability, and operational efficiency across all components. These modernization efforts strengthen the Department's ability to manage resources responsibly, meet statutory and regulatory requirements, and respond to evolving mission needs. By continuously monitoring vendor advancements, user feedback, and federal mandates, the Department ensures that its financial systems remain current, secure, and optimized for high-quality financial and budget execution.

A key example is the ongoing enhancement of the Unified Financial Management System (UFMS), particularly within the acquisition community. In FY 2026, the Department expanded deployment of UFMS Acquisition as part of the Acquisition Value Accelerator initiative. This effort focused on close collaboration with the acquisition user community to identify, prioritize, and implement system changes that streamline procurement processes, strengthen internal controls, and improve data consistency across the acquisition lifecycle.

During FY 2026, the Department also implemented several critical system modifications to ensure compliance with federal executive orders related to payment modernization and fraud prevention:

- Compliance with Executive Order 14247 — Modernizing Payments to and From America's Bank Account:The Department enhanced its payment processes to reduce reliance on check disbursements and increase adoption of the Treasury Debit Card Program.
    - Check payments decreased from 108,370 in FY 2025 to 83,962 in FY 2026.
    - Treasury Debit Card payments increased significantly, from 1 payment in FY 2025 to 91 in FY 2026.

These improvements help lower administrative costs, strengthen internal controls, and align the Department with government-wide efforts to modernize payment delivery.

- Compliance with Executive Order 14249 — Protecting America's Bank Account Against Fraud, Waste, and Abuse:To enhance payment integrity, the Department integrated the Treasury Do Not Pay (DNP) platform directly with its core financial system. This integration

enables automated screening of vendors prior to payment authorization, improving the Department's ability to detect improper payees.

- The number of DNP-flagged vendors identified increased from 374 in FY 2025 to 886 in FY 2026 due to enhanced data matching and expanded validation criteria.– Payments made to flagged DNP vendors decreased from 73 in FY 2025 to 17 in FY 2026, reflecting stronger controls and earlier intervention in the payment process.

To further support enterprise-wide financial data accessibility and decision-making, the Department implemented an upgraded version of the Justice Enterprise Data Integration & Business Intelligence Portal – Next Generation (JEDI-NG). Built on the SAP Analytics Cloud (SAC) platform, JEDI-NG provides users with real-time, interactive, self-service analytical capabilities. The platform consolidates data from multiple financial and operational systems into intuitive dashboards, enabling improved performance monitoring, risk identification, and strategic planning.

The Department also continued to expand the use of the Workiva platform to enhance documentation, tracking, and management of audit activities. In FY 2026:

- The Federal Bureau of Prisons broadened its use of Workiva to support both internal and external audit coordination, improving documentation consistency and workflow efficiency.
- The Drug Enforcement Administration initiated efforts to automate its OMB Circular A-123 and financial statement audit processes through Workiva in preparation for FY 2027 audit cycles.

These initiatives collectively strengthen DOJ's financial management framework by increasing transparency, enhancing internal controls, and expanding the Department's capability to meet federal financial management standards.

Legal Compliance

Department of Justice management is committed to ensuring compliance with all applicable laws and regulations, including those related to data standards, appropriations, acquisitions, and employment. Compliance is addressed through established policies, procedures, and oversight by senior leadership. In FY 2026, internal reviews conducted by DOJ components, along with audits performed by the Government Accountability Office (GAO) and the Office of the Inspector General (OIG), identified isolated instances of noncompliance. Management evaluated the results of these reviews and implemented corrective actions where appropriate. Any identified instances of noncompliance were not considered significant enough to require reporting as material weaknesses in the Department's Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act) and Federal Financial Management Improvement Act of 1996 (FFMIA) Assurance Statement.

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 to maintain and assess internal control systems across program, operational, administrative, accounting, and financial management areas. The Integrity Act requires federal agencies to establish controls that provide reasonable assurance that obligations and costs comply 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).

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 the public. It also 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, FFMIA 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 the *Office of Management and Budget Circular No. A-123 (OMB A-123), Appendix D, Management of Financial Management Systems – Risk and Compliance.*

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).

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of FMFIA § 2 and § 4. In accordance with OMB Circular A-123, the Department conducted its assessment of risk and internal control. Based upon the results of the assessment and Assurance Statements provided by Department components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2026, except for the material weaknesses identified at the consolidated level due to improvements needed in internal controls over financial reporting, and improvements needed in internal controls over digital assets. Details of the material weakness and the Department's corrective action plan are provided in Section III of this report.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires agencies to have financial management systems that substantially comply with Federal financial management system requirements, Federal Accounting Standards, and the U.S. Government Standard General Ledger at the transaction level. Based on the assessments conducted by the Department, management has determined that its financial systems are in compliance with the FFMIA of 1996.

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 the Department continues its important work, the Department is dedicated to using our funds responsibly and transparently. The Department will continue to work in FY 2027 to strengthen our controls in areas identified through the Department's internal review activities and by the Office of the Inspector General and Government Accountability Office.

for Todd Blanche
November 16, 2026

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SECTION II:
FINANCIAL SECTION

The Library of the U.S. Department of Justice

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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 *CFO Act, the Government Management Reform Act of 1994 (GMRA), and the format suggested in OMB A-136.* This data outlines not only the costs of programs, but also the costs of achieving individual results by major programs.

Following the Office of the Inspector General Transmittal Memorandum, 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, 2026 and 2025.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2026 and 2025. 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, 2026 and 2025.

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, 2026 and 2025.

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, 2026 and 2025.

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November 16, 2026

MEMORANDUM FOR THE ATTORNEY GENERAL



FROM: Don R. Berthiaume
Inspector General

SUBJECT: Independent Auditors' Report on the Audit of the Department of Justice Annual Financial Statements, Fiscal Year 2026

PURPOSE: To transmit the Independent Auditors' Report on the Audit of the Department of Justice Annual Financial Statements, Fiscal Year 2026 to the Attorney General (AG)

FOR YOUR INFORMATION

EXECUTIVE SUMMARY: The attached is being provided to the AG for information.

DISCUSSION: The Chief Financial Officers Act of 1990 (Pub. L. No. 101-576), as amended, requires the Department of Justice (Department) Inspector General, or an independent external auditor as determined by the Inspector General, to audit the Department's financial statements.

The Office of the Inspector General (OIG) contracted with the independent public accounting firm KPMG LLP (KPMG) to audit the financial statements of the Department as of and for the fiscal years ended September 30, 2026, and 2025. The contract required that the audit be performed in accordance with Government Auditing Standards and Office of Management and Budget audit guidance.

In its audit of the Department's financial statements, KPMG reported:

- The financial statements are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles.

- Two material weaknesses were reported in internal controls over financial reporting.

- No instances of non-compliance or other matters.

- No instances in which the Department's financial management systems did not substantially comply substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA).

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 16, 2026, and the conclusions expressed in the report. Our review disclosed no instances where KPMG did not comply, in all material respects, with Government Auditing Standards.

CONSULTATION: NONE

OTHER STAKEHOLDERS: NONE

Attachments

- Independent Auditors' Report on the Audit of the Department of Justice Annual Financial Statements Fiscal Year 2026

cc: Jolene A. Lauria
Assistant Attorney General for Administration
Justice Management Division

Christopher C. Alvarez
Deputy Assistant Attorney General
Controller
Justice Management Division

Matthew J. Roper
Director
Finance Staff
Justice Management Division

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 Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, and the related consolidated statements of net cost, and changes in net position, and combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2026 and 2025, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - 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 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.

Responsibilities of Management for the Consolidated Financial Statements

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

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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. Management has omitted the amount of deferred maintenance that U.S. generally accepted accounting principles require to be presented to supplement the basic consolidated financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic consolidated financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Table of Contents, Agency Financial Report Introduction, Message from the Attorney General, Office of the Inspector General Transmittal Memorandum, Section III – Other Information, and Appendices, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on 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, 2026, 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 were not identified. However, as described in the accompanying Exhibit, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

Report on 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, 2026 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. 24-02.

We also performed tests of the Department's 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 Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's responses to the findings identified in our audit and described in the accompanying Exhibit. The Department's responses were not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 16, 2026

Material Weaknesses

This section contains the discussion of the two areas of material weaknesses identified in internal control over financial reporting.

Improvements Needed in Internal Controls Over Digital Assets

Digital assets make up approximately 60 percent of total seized and forfeited assets held by the U.S. Department of Justice (Department) as of September 30, 2026. Balances have increased approximately 500 percent from September 30, 2025 to September 30, 2026, representing a significant increase in balances seized and held by the Department and service providers. Digital assets carry unique risks that require robust controls to prevent loss, theft, or unauthorized access to private keys. The private key is a secure, confidential, cryptographic password that grants its holder exclusive ownership and authorization to access, manage, and transfer their digital assets. In addition to private key risks, certain digital asset values can fluctuate significantly and require clear controls and policies for accurate valuation.

Control deficiencies related to digital assets were identified in prior years' audits, however the magnitude of the risk of misstatement combined with continuing and new deficiencies in the controls over digital assets have resulted in an area of material weaknesses.

Private Key Lifecyle and Periodic Custody Validation

Management did not effectively perform controls when generating a subset of private keys. Additionally, safeguarding controls did not operate effectively to prevent misappropriation. Separately, transaction approval controls for a small subset of assets held by a service provider were not enabled for the full year.

Management also did not design and implement controls to validate existence, accuracy, and ownership of a subset of assets by periodically reconciling asset records to asset balances on the relevant blockchain.

Valuation

Controls over the valuation of seized and forfeited digital assets were not designed consistently across the Department. Specifically, the Justice Management Division (JMD) has not established a departmental approach to estimating market value by defining acceptable valuation inputs such as the market or exchange and the time of day used for valuation.

Additionally, existing controls over the date used to determine value were not operating effectively. Specifically, certain forfeited assets were not revalued at forfeiture, and a different subset of seized assets were valued at a date other than the seizure date.

Separate from the issues discussed above, management has performed remediation for certain deficiencies related to safeguarding and valuation that existed in prior years. However, management did not analyze whether risks from the prior years' deficient controls needed a response in the current year. For example, assets held in digital wallets created in prior years that are not compliant with current controls may be at greater risk of loss or theft. Similarly, assets valued at an incorrect seizure date in prior years continued to have misstated values in the current year.

The above conditions existed because the Department did not:

- Identify and respond to new and existing risks posed by seizing and holding digital assets;
- Formally develop and document controls through policies and procedures;
- Monitor that responsible parties implemented and were held accountable to perform existing control activities;
- Effectively communicate internal control responsibilities; and
- Remediate prior year deficiencies timely.

These conditions increase the likelihood that management will not prevent, or detect and correct, material misstatements in the financial statements on a timely basis. Inconsistent valuation policies can result in different values being recorded for substantially similar transactions or at different values than required by the accounting standards.

As a result of the deficiencies, we identified the following in Note 8, *Forfeited and Seized Property, Net*, *Seized for Forfeiture Digital Assets*:

- The Beginning Balance of Seized Digital Assets was overstated by a likely net amount of $35.2 million and adjustments were understated by $35.2 million.
- Current year Seizures were overstated by a likely amount of $24.1 million, which was offset by a likely understatement of $16.4 million. Management made corrections with a remaining overstatement of $13.6 million and understatement of $6.5 million.
- $47.7 million of digital assets were misappropriated from a service provider. The impact is disclosed in the Seized and Forfeited Adjustments column.

Additionally, current year Forfeitures were understated by $4.1 million in Note 8, *Forfeited and Seized Property, Net Forfeited Digital Assets*, that was corrected by management.

Criteria:

The U.S. Government Accountability Office – *Standards for Internal Control in the Federal Government* (“Green Book”) provides standards for management’s responsibilities for internal control. Specific relevant principles include: 5 – Enforce Accountability, 7 – Identify, Analyze, and Respond to Risk; 9 – Identify, Analyze, and Respond to Change; 10 – Design Control Activities; 12 - Implement Control Activities; 14 – Communicate Internally; 16 – Perform Monitoring Activities; 17 – Evaluate Issues and Remediate Deficiencies.

The Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 3 – *Accounting for Inventory and Related Property* and FASAB Technical Bulletin (TB) 2024-01 – *Seized and Forfeited Digital Assets.* SFFAS 3 provides guidance on the reporting and valuation of seized property. TB 2024-01 provides guidance specific to digital assets.

Investigative agency guides and standards on investigations such as the Federal Bureau of Investigation *Domestic Investigations and Operations Guide*.

Recommendations:

We recommend that the Department:

1. Perform ongoing risk assessments related to the safeguarding, existence, ownership, and accuracy of digital assets including risks associated with the private key lifecycle for assets held in self-custody or by service providers. The risk assessment should include evaluating the uninterrupted and exclusive control over private keys for the entire private key lifecycle. After performing these risk assessments, management should design and implement appropriate control activities responsive to such risks to address segregation of duties and the periodic validations of asset records to the blockchain.

   Management Response

   Management concurs with the recommendation. The Department, in conjunction with digital asset stakeholders across the Department, will perform risk assessments as identified and will begin the implementation of processes and system improvements to address private key lifecycle management and digital asset inventory and valuation management. In the near term, management will focus on implementing new manual processes to minimize the risks associated with private key management and digital asset inventory management.

2. Define the agreed-upon inputs (e.g., market or exchange and time of day) used to determine and record the value of the asset in the property system of record. Then, design and implement controls to validate that the correct inputs are used to estimate the value of digital assets.

   Management Response

   Management concurs with the recommendation. The Department is in the process of issuing and implementing a consolidated digital asset valuation policy for FY 2027.

3. Design and implement monitoring controls to ensure compliance with existing policies and procedures. Effectively communicate such policies, procedures, and controls across the Department and establish mechanisms to hold the components accountable.

   Management Response

   Management concurs with the recommendation. The Department will begin the implementation of processes and system improvements to address these concerns long term. These processes and systems will enhance and automate controls and ensure compliance. In addition, the Department will coordinate all policies, procedures and controls for all participating agencies to ensure consistency of process and establish a mechanism to hold agencies accountable.

4. Re-evaluate risk assessments for digital assets seized in prior control environments to consider whether risks related to safeguarding, existence, ownership, and valuation have been adequately addressed considering the evolving nature of digital asset seizures and policy changes. Based on the results of the evaluation, design and implement controls to appropriately account for and maintain custody of aged digital assets and update the policies and procedures accordingly.

   Management Response

   Management concurs with the recommendation. The Department will re-evaluate the risks identified above and will begin the implementation of controls, processes, and system improvements needed to address the concerns identified.

Improvements Needed in Internal Controls Over Financial Reporting

The U.S. Department of Justice's (Department) reporting structure is comprised of nine principal components that provide financial information to the Justice Management Division (JMD) for the preparation of the Department's interim and year-end consolidated financial statements. The preparation of the Department's consolidated financial statements is complex and dependent on Department-wide controls. Internal controls are a dynamic process that must adapt to the risks and changes in conditions faced by the Department.

The Department continued to make progress on the remediation efforts related to the previous financial statements audit findings, especially over risk assessment processes and monitoring activities. However, deficiencies exist that highlight the need for continued focus on remediation of deficient controls related to financial statement preparation and review throughout the Department.

The above conditions existed primarily because management did not:

- Monitor that responsible parties implemented and were held accountable to perform existing financial reporting control activities.
- Sufficiently assess, implement, or communicate consistent processes across components to improve data for analysis and reporting related to period end financial reporting controls, including when changes occur.
- Fully remediate certain prior years' control deficiencies.

These conditions increase the likelihood that management will not prevent, or detect and correct, material misstatements in the financial statements on a timely basis.

Specifically, the deficiencies in these control activities resulted in misstatements in the Department's consolidated financial information and its components' financial information including the following:

- Misstatements of approximately $30 million in Note 8, *Seized and Forfeited Property, Net*.
- Misstatements of approximately $84 million and $66 million in the FY 2026 intragovernmental lease expense in Note 13, *Leases*.
- Overstatement of approximately 12,000 acres of land for all periods presented in Note 9, *Property, Plant and Equipment, Net*.
- Misstatements of over $9 billion in Note 23, *Reconciliation of Net Cost to Net Outlays*, in the component financial information submitted for consolidation.
- Understatement of approximately $120 million in Note 11, *Liabilities not Covered by Budgetary Resources*.
- Understatement of approximately $274 million in Note 18, *Funds from Dedicated Collections*, due to the omission of a caption, which also resulted in the note not footing properly.
- Inconsistencies between the financial metrics presented in Management's Discussion and Analysis (MD&A) and the principal financial statement of approximately $2 billion.

Criteria:

The Green Book provides standards for management's responsibilities for internal control. Specific relevant principles include: 9 – Identify, Analyze, and Respond to Change; 12 - Implement Control Activities; 13 – Use Quality Information; 14 – Communicate Internally; 16 – Perform Monitoring Activities; 17 – Evaluate Issues and Remediate Deficiencies.

Recommendations:

We recommend that the Department:

5. Assess reconciliation, review, and other monitoring controls over both component and consolidated financial reporting, including note disclosures and MD&A.

   Management Response

   Management concurs with the recommendation. The Department addressed the errors that occurred in interim reporting and adjusted its controls to prevent the errors from reoccurring at year-end. Additionally, the Department will continue to enhance our internal control reviews over month and quarter end component financial reporting and operations to prevent potential misstatements. The Department recognizes the importance of continuous refinement and improvement of internal control procedures to ensure accuracy in financial data and reporting throughout the fiscal year and made improvements in risk assessments and monitoring during FY 2026. The Department will work to further enhance its existing financial statement preparation and review process to ensure the accuracy and validity of component submissions.

6. Implement more consistent processes across components that consider changes in the control environment, effectively communicate those processes, and improve data for analysis and reporting, to enhance the design of period end financial reporting controls.

   Management Response

   Management concurs with the recommendation. The Department will continue to work across the reporting components to enhance communication channels to support the dissemination of information generally, provide additional written communication to reinforce verbal guidance, and continue the standardization of business processes across the Department.

7. Enhance monitoring capabilities related to recurring deficiencies to address existing design deficiencies and improve operating effectiveness of the related controls in a timely manner. Specifically, management should consider a baseline (current year) assessment and compare against management's design (future state) of the internal control system to address the objectives and risks of the Department.

   Management Response

   Management concurs with the recommendation. The Department will evaluate establishing a baseline assessment of its reporting environment to track changes and improvements against that baseline. The Department will continue to enhance our existing processes to address previously identified internal control deficiencies. Focus areas will center on recurring deficiencies and the development of new processes and technologies to address these deficiencies.

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U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2026 and 2025

Dollars in Thousands	2026	2025
ASSETS (Note 2)		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 3)	$ 49,003,890	$ 48,086,737
Investments, Net (Note 5)	3,938,059	6,247,872
Accounts Receivable, Net (Note 6)	461,073	462,592
Advances and Prepayments	350,292	260,217
Other Assets (Note 10)	16,755	30,075
Total Intragovernmental Assets	$ 53,770,069	$ 55,087,493
Other than Intragovernmental Assets:		
Cash and Other Monetary Assets (Note 4)	$ 4,298,850	$ 3,168,447
Accounts Receivable, Net (Note 6)	7,569,372	9,635,342
Inventory and Related Property, Net:		
Forfeited Property, Net (Note 8)	438,412	459,609
Other Inventory and Related Property, Net (Note 7)	137,137	122,035
Property, Plant and Equipment, Net (Note 9)	8,636,076	8,794,182
Advances and Prepayments	612,827	642,285
Other Assets (Note 10)	2,301	261
Total Other than Intragovernmental Assets	$ 21,694,975	$ 22,822,161
Total Assets	**$ 75,465,044**	**$ 77,909,654**
LIABILITIES (Note 11)		
Intragovernmental Liabilities:		
Accounts Payable	$ 380,310	$ 343,283
Advances from Others and Deferred Revenue	482,563	195,853
Other Liabilities:		
Custodial Liabilities (Note 22)	7,458,953	9,650,172
Other (Note 16)	574,600	549,112
Total Intragovernmental Liabilities	$ 8,896,426	$ 10,738,420
Other than Intragovernmental Liabilities:		
Accounts Payable	$ 2,761,245	$ 2,347,925
Federal Employee Salary, Leave and Benefits (Note 15)	1,498,488	1,506,098
Post-Employment Benefits (Note 15)	1,611,070	1,742,439
Environmental and Disposal Liabilities (Note 12)	92,255	90,103
Advances from Others and Deferred Revenue	1,417,664	1,382,810
Other Liabilities:		
Accrued Grant Liabilities	797,819	894,342
Seized Cash and Monetary Instruments (Note 14)	5,803,398	4,607,543
Radiation Exposure Compensation Act Liabilities (Note 26)	8,924,438	11,078
September 11th Victim Compensation Fund Liabilities (Note 26)	4,321,403	3,772,393
United States Victims of State Sponsored Terrorism Act Liabilities (Note 26)	601,280	3,136,216
Lessee Lease Liability (Note 13)	440,723	425,001
Other (Note 16)	1,026,504	943,035
Total Other than Intragovernmental Liabilities	$ 29,296,287	$ 20,858,983
Total Liabilities	**$ 38,192,713**	**$ 31,597,403**
Commitments and Contingencies (Note 17)		
NET POSITION		
Unexpended Appropriations:		
Unexpended Appropriations - Funds from Dedicated Collections (Note 18)	$ 2,441,401	$ 2,437,697
Unexpended Appropriations - Funds from other than Dedicated Collections	31,305,900	31,754,358
Total Unexpended Appropriations	**$ 33,747,301**	**$ 34,192,055**
Cumulative Results of Operations:		
Cumulative Results of Operations - Funds from Dedicated Collections (Note 18)	7,796,817	9,028,436
Cumulative Results of Operations - Funds from other than Dedicated Collections	(4,271,787)	3,091,760
Total Cumulative Results of Operations	**$ 3,525,030**	**$ 12,120,196**
Total Net Position	**$ 37,272,331**	**$ 46,312,251**
Total Liabilities and Net Position	**$ 75,465,044**	**$ 77,909,654**

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, 2026 and 2025

Dollars in Thousands	2026	2025
Major Program 1: Law Enforcement		
Gross Cost	$ 23,090,896	$ 22,505,803
Less: Earned Revenues	1,588,572	1,499,203
Subtotal Net Cost of Operations (Note 19)	$ 21,502,324	$ 21,006,600
Major Program 2: Litigation and Compensation		
Gross Cost	$ 16,712,757	$ 7,910,025
Less: Earned Revenues	573,018	430,524
Subtotal Net Cost of Operations (Note 19)	$ 16,139,739	$ 7,479,501
Major Program 3: Prisons and Detention		
Gross Cost	$ 12,902,186	$ 12,823,819
Less: Earned Revenues	990,736	949,784
Subtotal Net Cost of Operations (Note 19)	$ 11,911,450	$ 11,874,035
Major Program 4: Grants		
Gross Cost	$ 5,035,731	$ 6,085,213
Less: Earned Revenues	8,531	10,576
Subtotal Net Cost of Operations (Note 19)	$ 5,027,200	$ 6,074,637
Major Program 5: Executive Oversight and Enterprise Technology		
Gross Cost	$ 3,147,667	$ 3,331,615
Less: Earned Revenues	617,044	537,247
Subtotal Net Cost of Operations (Note 19)	$ 2,530,623	$ 2,794,368
Total Net Cost of Operations	**$ 57,111,336**	**$ 49,229,141**

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

U.S. Department of Justice
Consolidated Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2026

Dollars in Thousands

	2026			
	Funds from Dedicated Collections (Note 18)	Funds from other than Dedicated Collections	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	**$ 2,437,697**	**$ 31,754,358**	**$ —**	**$ 34,192,055**
Appropriations Received	—	42,224,357	—	42,224,357
Appropriations Transferred-In/Out	3,704	547,150	—	550,854
Other Adjustments	—	(647,701)	—	(647,701)
Appropriations Used	—	(42,572,264)	—	(42,572,264)
Net Change in Unexpended Appropriations	**$ 3,704**	**$ (448,458)**	**$ —**	**$ (444,754)**
Total Unexpended Appropriations	**$ 2,441,401**	**$ 31,305,900**	**$ —**	**$ 33,747,301**
Cumulative Results of Operations				
Beginning Balances	**$ 9,028,436**	**$ 3,091,760**	**$ —**	**$ 12,120,196**
Adjustments				
Changes in Accounting Principles (Note 27)	—	(185,416)	—	$ (185,416)
Beginning Balances, as Adjusted	**$ 9,028,436**	**$ 2,906,344**	**$ —**	**$ 11,934,780**
Other Adjustments	(368,201)	(210,007)	—	(578,208)
Appropriations Used	—	42,572,264	—	42,572,264
Nonexchange Revenues	1,318,612	10,332	—	1,328,944
Donations and Forfeitures of Cash and Cash Equivalents	1,071,107	3	—	1,071,110
Transfers-In/Out Without Reimbursement	(143,443)	763,736	—	620,293
Donations and Forfeitures of Property	1,412,854	280	—	1,413,134
Imputed Financing (Note 20)	83,413	2,219,668	(14,262)	2,288,819
Other	—	(14,770)	—	(14,770)
Net Cost of Operations	**$ (4,605,961)**	**$(52,519,637)**	**$ 14,262**	**$(57,111,336)**
Net Change in Cumulative Results of Operations	**$ (1,231,619)**	**$ (7,178,131)**	**$ —**	**$ (8,409,750)**
Total Cumulative Results of Operations	**$ 7,796,817**	**$ (4,271,787)**	**$ —**	**$ 3,525,030**
Net Position	**$ 10,238,218**	**$ 27,034,113**	**$ —**	**$ 37,272,331**

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

U.S. Department of Justice
Consolidated Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2025

Dollars in Thousands

	2025			
	Funds from Dedicated Collections (Note 18)	Funds from other than Dedicated Collections	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	**$ 3,057,176**	**$ 21,579,496**	**$ —**	**$ 24,636,672**
Appropriations Received	—	52,071,494	—	52,071,494
Appropriations Transferred-In/Out	12,699	338,534	—	351,233
Other Adjustments	—	(673,621)	—	(673,621)
Appropriations Used	(632,178)	(41,561,545)	—	(42,193,723)
Net Change in Unexpended Appropriations	**$ (619,479)**	**$ 10,174,862**	**$ —**	**$ 9,555,383**
Total Unexpended Appropriations	**$ 2,437,697**	**$ 31,754,358**	**$ —**	**$ 34,192,055**
Cumulative Results of Operations				
Beginning Balances	**$ 6,686,593**	**$ 3,571,491**	**$ —**	**$ 10,258,084**
Other Adjustments	(250,000)	(300,001)	—	(550,001)
Appropriations Used	632,178	41,561,545	—	42,193,723
Nonexchange Revenues	3,678,849	1,106	—	3,679,955
Donations and Forfeitures of Cash and Cash Equivalents	1,621,560	54	—	1,621,614
Transfers-In/Out Without Reimbursement	(110,410)	881,838	—	771,428
Donations and Forfeitures of Property	534,302	—	—	534,302
Imputed Financing (Note 20)	100,007	2,764,284	(13,609)	2,850,682
Other	1,160	(11,610)	—	(10,450)
Net Cost of Operations	**$ (3,865,803)**	**$(45,376,947)**	**13,609**	**$(49,229,141)**
Net Change in Cumulative Results of Operations	**$ 2,341,843**	**$ (479,731)**	**$ —**	**$ 1,862,112**
Total Cumulative Results of Operations	**$ 9,028,436**	**$ 3,091,760**	**$ —**	**$ 12,120,196**
Net Position	**$ 11,466,133**	**$ 34,846,118**	**$ —**	**$ 46,312,251**

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, 2026 and 2025

Dollars in Thousands	2026	2025
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 21)	$ 29,746,320	$ 17,081,492
Appropriations (discretionary and mandatory)	49,813,759	57,615,924
Spending Authority from Offsetting Collections (discretionary and mandatory)	6,887,671	5,489,484
Total Budgetary Resources	**$ 86,447,750**	**$ 80,186,900**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 60,355,292	$ 52,142,689
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	24,392,679	25,291,668
Exempt from Apportionment, Unexpired Accounts	275,935	370,633
Unapportioned, Unexpired Accounts	283,500	1,196,303
Unexpired Unobligated Balance, End of Year	24,952,114	26,858,604
Expired Unobligated Balance, End of Year	1,140,344	1,185,607
Unobligated Balance - End of Year (Total)	26,092,458	28,044,211
Total Status of Budgetary Resources	**$ 86,447,750**	**$ 80,186,900**
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	$ 50,139,557	$ 48,025,615
Less: Distributed Offsetting Receipts	3,522,680	1,797,735
Agency Outlays, Net (discretionary and mandatory)	**$ 46,616,877**	**$ 46,227,880**

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, 2026 and 2025

Dollars in Thousands	2026	2025
Total Custodial Revenue		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	$ 7,028,150	$ 7,245,139
Fees and Licenses	68,665	208,218
Miscellaneous	2,232	3,389
Total Cash Collections	$ 7,099,047	$ 7,456,746
Accrual Adjustments	(2,133,790)	9,130,238
Total Custodial Revenue (Note 22)	**$ 4,965,257**	**$ 16,586,984**
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Department of Agriculture	$ (633,458)	$ (96,105)
U.S. Department of Commerce	(15,489)	(5,770)
U.S. Department of the Interior	(1,030,888)	(557,566)
U.S. Department of Justice	(588,450)	(1,075,235)
U.S. Department of Labor	(1,815)	(5,051)
U.S. Department of State	—	(6,235)
U.S. Department of the Treasury	(505,621)	(712,581)
Office of Personnel Management	(6,438)	(4,021)
Social Security Administration	(449)	(500)
U.S. Nuclear Regulatory Commission	—	(191)
U.S. Department of Veterans Affairs	(17,009)	(23,253)
General Services Administration	(2,418)	(23,144)
National Science Foundation	(736)	(956)
Environmental Protection Agency	(67,407)	(809,276)
U.S. Department of Transportation	(20,869)	(2,462)
U.S. Department of Homeland Security	(179,382)	(118,634)
Small Business Administration	(228,486)	(149,780)
U.S. Department of Health and Human Services	(2,049,334)	(1,365,917)
National Aeronautics and Space Administration	(254)	(1,820)
U.S. Department of Housing and Urban Development	(22,083)	(27,908)
U.S. Department of Energy	(2,020)	(3,610)
U.S. Department of Education	(31,874)	(22,392)
U.S. Agency of International Development	(259)	(2,248)
Treasury General Fund	(568,187)	(1,311,667)
U.S. Department of Defense	(68,725)	(507,398)
Other Intragovernmental	(279,419)	(138,795)
Transferred to the Public	(508,246)	(409,943)
(Increase)/Decrease in Amounts Yet to be Transferred	2,048,959	(8,997,550)
Increase/(Decrease) in Refunds Payable and Other Liabilities	(2,880)	(9,661)
Retained by the Reporting Entity	(182,020)	(197,315)
Total Disposition Of Collections	**(4,965,257)**	**(16,586,984)**
Custodial Revenue Less Disposition of Collections	**$ —**	**$ —**

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)

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 FASAB and presentation guidelines in the *OMB A-136.* 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 A-136*, have been disaggregated on the Consolidated Balance Sheet. These include Custodial Liabilities; Accrued Grant Liabilities; Seized Cash and Monetary Instruments; RECA; September 11th Victim Compensation Fund Liabilities; USVSSTF Liabilities; and Lessee Lease Liabilities. Additionally, Inventory and Related Property, Net have been disaggregated on the Consolidated Balance Sheet to identify Forfeited Property, Net, and Other Inventory and Related Property, Net.

Note 1. Summary of Significant Accounting Policies (continued)

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 FY 2026 and 2025, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. 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, reports revenue from cash collections separately from receivable accruals, and cash disbursements are reported separately from payable accruals. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. The accrual adjustment recorded on the Statements of Custodial Activity recognizes custodial accounts receivable, adjusts cash collections, and refund disbursements with the net increase or decrease of accrued non-entity accounts receivables, net of uncollectible amounts, and refunds payable at year-end.

Proprietary and budgetary accounting are complementary; however, both the types of information presented, and the timing of their recognition are sometimes different. Information is therefore needed about the differences between proprietary and budgetary accounting, which is accomplished in part by presenting a Reconciliation of Net Cost to Net Outlays, Note 23. 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.

Note 1. Summary of Significant Accounting Policies (continued)

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, imprest funds, cash used in undercover operations, cash held as evidence and seized cash.

G. Investments

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

The AFF, the U.S. Trustee System Fund, the fund created by United States Victims of State Sponsored Terrorism Act codified at *34 U.S.C. § 20144* (USVSSTF), and the Federal Prison Commissary Fund are four Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

Note 1. Summary of Significant Accounting Policies (continued)

G. Investments (continued)

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 USVSSTF shall be invested in the same manner as a trust fund and authorizes the Treasury to manage the investment of the USVSSTF. The DOJ notifies the Treasury promptly of amounts deposited to the USVSSTF in order to ensure that Treasury may invest such receipts in the account. Treasury, in its administrative discretion, determines how the USVSSTF will be invested, to ensure that the securities purchased for the USVSSTF will have maturities suitable to the needs of the USVSSTF. Interest revenue on investments will be reported on an accrual basis.

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from intragovernmental entities and other than intragovernmental entities, 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 (TFM), Volume I, Part 2, Chapter 4700*. In this regard, most intragovernmental accounts receivable are considered fully collectible, certain custodial activities being an exception. Other than intragovernmental accounts receivable primarily represent claims or damages owed to others, related to violations of laws or regulations, which DOJ is considered the collecting or custodial entity. The allowance for doubtful accounts for other than intragovernmental receivables, including custodial activities, is estimated based on past collection experience and analysis of outstanding receivable balances at year-end.

For Custodial Accounts Receivable, DOJ applies the accounting provisions of the *Statement of Federal Financial Accounting Standards (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, as amended, and SFFAS No. 1, Accounting for Selected Assets and Liabilities. SFFAS No. 7* requires that "nonexchange revenue should be measured by the collecting entities but should be recognized by the entities legally entitled to the revenue (the recipient entities)." Further, *SFFAS No. 1*, relating to accounts receivable, defines "measurement" as the "process of expressing an asset or liability in monetary units." The accrual adjustment consists of accounts receivable, the allowance for uncollectible amounts, and liability for refunds. Additional details regarding the Department's custodial non-exchange activities are provided in Note 22, Custodial Revenues.

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 based on 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. Property, Plant and Equipment

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

Type of Property	Capitalization Threshold
Real Property	$1,000
Personal Property	$100
Aircraft	$750
Internal Use Software	$5,000
Leases	$500

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 PP&E and Internal Use Software. If this option is exercised, the thresholds must not conflict with the standard capitalization thresholds, but may be more restrictive, at the

Note 1. Summary of Significant Accounting Policies (continued)

J. Property, Plant and Equipment (continued)

discretion of the entity. *Program Statement 1404.04*, *Capitalization of Capital Improvements* allows DOJ components to adapt thresholds less than $1 million for real property capital improvements that is supported by an analysis of their real property portfolio.

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

K. Leases

A lease is a contract or agreement where the lessor conveys the right to control the use of property, plant, and equipment to the lessee for a specified period of time. The right to control the use of underlying assets gives the lessee the right to obtain economic benefits or services from the use of the underlying asset, and the right to control access to the economic benefits or services of the underlying asset.

SFFAS No. 54, Leases, and related amendments requires federal lessees to recognize a lease liability and a lease asset at the commencement of the lease term. Unless the lease is immaterial or meets the definition of a non-intragovernmental short-term lease, contract or agreement that transfers ownership, or intragovernmental lease. Lessors, recognize a lease receivable and unearned revenue, unless it is immaterial or meets the definition of a non-intragovernmental short-term lease, contract or agreement that transfers ownership, or intragovernmental lease.

DOJ Policy Statement 1404.05, requires the Department and its components to review their lease portfolios annually for new lease activity, terminations, or modifications that would result in remeasurement. Additionally, in accordance with *Technical Release 22, Leases Implementation Guidance Updates*, for leases on international soil the U.S. Department of State (DOS) acts as an agent on DOJ's behalf. There is not an exchange of funds between the DOJ and DOS, as such DOS provides DOJ leasing information necessary to record right-to-use lease assets and liabilities quarterly.

Pursuant to *SFFAS No. 62, Transitional Amendment to SFFAS No. 54,* lease contracts containing both lease and non-lease components may be treated as non-lease and expensed through the transitional period. These contracts, often referred to as embedded leases, must be primarily non-lease in nature based on management's assessment. DOJ has elected to adopt *SFFAS No. 62* through the end of the accommodation period September 30, 2026. Further details regarding lease assets, liabilities, and other types of leases are disclosed in Note 9, Property, Plant, Equipment, Net, and Note 13, Leases.

Note 1. Summary of Significant Accounting Policies (continued)

L. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of 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.

M. 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 date 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, financial market, account statement, other sources in accordance with DOJ policy
Digital Assets	Web-based valuation tools (e.g., CoinMarketCap.com) and other sources 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, digital assets, 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.

Note 1. Summary of Significant Accounting Policies (continued)

N. Digital Assets

Digital Assets refers to cryptocurrencies (e.g., Bitcoin, Ether), stablecoins and Non-Fungible Tokens (NFT) and any other similar cryptographic digital store of value. DOJ primarily encounters digital assets through seizure and forfeitures activities of the law enforcement components (ATF, DEA, FBI) and the Asset Forfeiture Program (AFP). DOJ records digital assets at market value at the point of seizure and records the seized value in Note 8, Forfeited and Seized Property, Net. Once an order of forfeiture is obtained and prior to liquidation, forfeited values would be included on the Balance Sheet as assets with offsetting liabilities. Once digital assets are liquidated, proceeds from the sale are recorded as forfeiture revenue and are presented on the Statement of Changes in Net Position as Donations and Forfeitures of Property.

The Department may hold seized digital assets for evidence, not for forfeiture, or for use in limited law enforcement operations. In addition, DOJ may obtain digital assets for limited law enforcement operations to secure information and or evidence. These operations are assessed annually, and the value of cryptocurrencies used is determined to be immaterial.

In accordance with Executive Order 14233, Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile, the Department is holding forfeited digital assets pending transfer to the Strategic Bitcoin Reserve or United States Digital Asset Stockpile. There are limited exceptions where disposal occurs pursuant to Section 3(d) of the Executive Order.

O. 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, and disclosed in Note 11, Liabilities not Covered by Budgetary Resources. 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.

Note 1. Summary of Significant Accounting Policies (continued)

P. 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.

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.

Q. 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 17. 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.

R. 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. 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.

S. Interest on Late Payments

Pursuant to the *Prompt Payment Act (Public Law 97-177), 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.

Note 1. Summary of Significant Accounting Policies (continued)

T. 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 18.4% of the gross pay for regular employees and 38.2% 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 16.5% of the gross pay for regular employees and 36.4% 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 16.5% of the gross pay for regular employees and 36.4% 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.

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). *SFFAS No. 5, Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 20, Imputed Financing, for additional details.

U. 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 attributed to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

Note 1. Summary of Significant Accounting Policies (continued)

U. Federal Employee Compensation Benefits (continued)

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 based on 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.

V. Intragovernmental Activity

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

W. 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

Note 1. Summary of Significant Accounting Policies (continued)

W. Revenues and Other Financing Sources (continued)

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. Refer to Note 18, Funds from Dedicated Collections for further details.

The Department's deferred revenue includes licenses issued by 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.

X. Funds from Dedicated Collections

SFFAS No. 43, Funds from Dedicated Collections: Amending SFFAS No. 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)

X. 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 (CVF), Domestic Trafficking Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

Y. 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 CVF 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.

The Department also allocates 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.

Note 1. Summary of Significant Accounting Policies (continued)

Y. 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.

Z. 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.

AA. 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.

AB. Subsequent Events

Subsequent events and transactions occurring after September 30, 2026 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.

AC. 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.

AD. Public-Private Partnerships

SFFAS No. 49, Public-Private Partnerships: Disclosure Requirements and SFFAS No. 63, Omnibus Amendments 2024-1: Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1, 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

Note 1. Summary of Significant Accounting Policies (continued)

AD. Public-Private Partnerships (continued)

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 2026, the Department identified P3 relationships that met the *SFFAS No. 49* disclosure requirements. Additional details regarding the P3 arrangements are provided in Note 24, Public-Private Partnerships.

Note 2. Non-Entity Assets

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental		
Fund Balance with Treasury	$ 514,688	$ 439,996
Investments, Net	1,580,000	1,580,000
Accounts Receivable, Net	60	60
Total Intragovernmental	$ 2,094,748	$ 2,020,056
Other than Intragovernmental		
Cash and Other Monetary Assets	$ 4,225,356	$ 3,097,064
Accounts Receivable, Net	7,413,158	9,497,920
Total Other than Intragovernmental	$11,638,514	$12,594,984
Total Non-Entity Assets	$13,733,262	$14,615,040
Total Entity Assets	$61,731,782	$63,294,614
Total Assets	$75,465,044	$77,909,654

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, 2026 and 2025

	2026	2025
Status of Fund Balances With Treasury		
Unobligated Balance - Available	$24,668,614	$25,662,301
Unobligated Balance - Unavailable	1,423,844	2,381,910
Obligated Balance Not Yet Disbursed	21,665,322	20,262,425
Non-Budgetary Fund Balance with Treasury	3,402,720	4,256,812
Budgetary Resources from Invested Balances	(2,163,991)	(4,484,598)
Total Status of Fund Balances with Treasury	$48,996,509	$48,078,850

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 the fiscal years ended September 30, 2026 and 2025, the amount restricted for future use was $4.9 billion and $11.7 billion.

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, 2026 and 2025, the respective immaterial variance of $7,381 and $7,887 between Fund Balance with Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances.

Note 4. Cash and Other Monetary Assets

As of September 30, 2026 and 2025

	2026	2025
Cash		
Undeposited Collections	$ 69	$ 16
Imprest Funds	73,399	71,316
Seized Cash Deposited	4,104,032	2,969,488
Other	47,337	50,637
Total Cash	$ 4,224,837	$ 3,091,457
Other Monetary Assets		
Seized Monetary Instruments	74,013	76,990
Total Other Monetary Assets	$ 74,013	$ 76,990
Total Cash and Other Monetary Assets	$ 4,298,850	$ 3,168,447

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
As of September 30, 2026						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	$ 3,888,807	Straight-Line	$ 49,252	$ —	$ 3,938,059	$ 3,933,359
As of September 30, 2025						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	$ 6,193,261	Straight-Line	$ 54,413	$ 198	$ 6,247,872	$ 6,250,951

Note 6. Accounts Receivable, Net

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental		
Accounts Receivable	$ 461,073	$ 462,592
Total Intragovernmental	$ 461,073	$ 462,592
Other than Intragovernmental		
Accounts Receivable	$16,351,502	$13,458,833
Allowance for Uncollectible Accounts	(8,782,130)	(3,823,491)
Total Other than Intragovernmental	$ 7,569,372	$ 9,635,342
Total Accounts Receivable, Net	$ 8,030,445	$10,097,934

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

The accounts receivable other than intragovernmental primarily consists of custodial receivables, 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. Other Inventory and Related Property, Net

As of September 30, 2026 and 2025

	2026	2025
Inventory		
Raw Materials	$ 69,184	$ 54,851
Work in Process	13,529	12,576
Finished Goods	13,707	14,547
Inventory Purchased for Resale	27,437	22,292
Inventory Allowance	(5,745)	(3,819)
Operating Materials and Supplies		
Held for Current Use	19,025	21,588
Total Other Inventory and Related Property, Net	$ 137,137	$ 122,035

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, asset group changes, and valuation changes that occurred during the current year for assets that were already on hand at the start of the years.

Method of Disposition of Forfeited Property:

For the fiscal years ended September 30, 2026 and 2025, $361,509 and $408,733 of forfeited properties were sold, $544 and 740 were destroyed or donated, $7,262 and $53,545 were returned to owners, $532,062 and $101,402 were converted to cash, and $1,587 and $1,567 were disposed of by other means. 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.

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

As of September 30, 2026

Forfeited Property Category		Beginning Balance	Adjustments (1)(2)	Forfeitures (2)	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	230	471	565	(1,016)	250	—	250
	Value	$ 141,207	$ 12,628	$ 442,359	$ (582,978)	$ 13,216	$ (87)	$ 13,129
Digital Assets	Number	365	(1)	325	(203)	486	—	486
	Value	$ 217,422	$ 1,953	$ 242,188	$ (173,757)	$ 287,806	$ (886)	$ 286,920
Real Property	Number	88	5	210	(178)	125	—	125
	Value	$ 57,134	$ (656)	$ 140,485	$ (99,933)	$ 97,030	$ (1,415)	$ 95,615
Personal Property	Number	4,705	(196)	2,891	(2,663)	4,737	—	4,737
	Value	$ 44,876	$ (45)	$ 44,330	$ (46,296)	$ 42,865	$ (117)	$ 42,748
Non-Valued Firearms	Number	60,225	29	26,220	(20,090)	66,384	—	66,384
Total	**Number**	65,613	308	30,211	(24,150)	71,982	—	71,982
	Value	$ 460,639	$ 13,880	$ 869,362	$ (902,964)	$ 440,917	$ (2,505)	$ 438,412

(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. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

(2) During Fiscal Year 2026, a breach resulted in the misappropriation of fifty-one (51) virtual currency assets, all of which are contractually insured. The nine impacted forfeited assets had an estimated value of $1 million as of the date of forfeiture. A receivable has been recorded reflecting the value of these assets the Department anticipates recovering from the vendor because these assets are contractually insured. The payment from the vendor will be entered as cash in lieu of the original asset upon receipt, with the value added to the adjustments column in the Analysis of Changes in Forfeited Property table for the fiscal year in which the cash payment is received. Therefore, the digital assets adjustments column includes a reduction of 4 assets with a value of $7 thousand to account for impacted assets forfeited in prior fiscal years and the forfeitures column has been reduced by five assets and $983 thousand to account for impacted assets forfeited in Fiscal Year 2026.

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

As of September 30, 2025

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	223	384	596	(973)	230	—	230
	Value	$ 14,124	$ 1,703	$ 235,307	$ (109,927)	$ 141,207	$ —	$ 141,207
Digital Assets	Number	225	(40)	439	(259)	365	—	365
	Value	$ 184,733	$ (6,283)	$ 323,800	$ (284,828)	$ 217,422	$ (822)	$ 216,600
Real Property	Number	85	(3)	174	(168)	88	—	88
	Value	$ 82,768	$ (14,060)	$ 96,793	$ (108,367)	$ 57,134	$ (58)	$ 57,076
Personal Property	Number	4,660	(377)	3,052	(2,630)	4,705	—	4,705
	Value	$ 51,465	$ (8,557)	$ 64,833	$ (62,865)	$ 44,876	$ (150)	$ 44,726
Non-Valued Firearms	Number	65,044	(226)	18,594	(23,187)	60,225	—	60,225
Total	**Number**	70,237	(262)	22,855	(27,217)	65,613	—	65,613
	Value	$ 333,090	$ (27,197)	$ 720,733	$ (565,987)	$ 460,639	$ (1,030)	$ 459,609

(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. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. 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:

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, digital assets, 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, digital assets, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

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. Adjustments include property status, asset group changes, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year.

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with *FASAB TR No. 4, Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of analyzed seized drugs by quantity only, as drugs have no value and are destroyed upon resolution of legal proceedings. Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). “Other” primarily consists of substances, both controlled

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

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, 2026 and 2025, $1,090,038 and $1,789,192 of seized property were forfeited, $486,004 and $235,474 were returned to parties with a bona fide interest, and $17,831 and $102,197 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.

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

As of September 30, 2026

Seized Property Category		Beginning Balance	Adjustments (1)(2)	Seizures (2)	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash &	Number	19,100	259	6,558	(9,831)	16,086	—	16,086
Monetary Instruments	Value	$ 4,564,044	$ 200,347	$ 1,660,591	$ (727,294)	$5,697,688	$(2,090,748)	$ 3,606,940
Financial	Number	480	(44)	484	(355)	565	—	565
Instruments	Value	$ 523,688	$ 53,243	$ 266,021	$ (470,612)	$ 372,340	$ (55,812)	$ 316,528
Digital	Number	1,661	(24)	793	(343)	2,087	—	2,087
Assets	Value	$ 1,872,153	$ 16,268	$ 8,392,344	$ (244,360)	$10,036,405	$(3,012,583)	$ 7,023,822
Real	Number	43	(11)	44	(29)	47	—	47
Property	Value	$ 58,601	$ (12,784)	$ 54,820	$ (49,958)	$ 50,679	$ (23,456)	$ 27,223
Personal	Number	7,342	591	3,650	(3,568)	8,015	—	8,015
Property	Value	$ 327,060	$ (127,860)	$ 208,709	$ (69,924)	$ 337,985	$ (83,431)	$ 254,554
Non-Valued Firearms	Number	50,135	2,302	25,664	(27,657)	50,444	—	50,444
Total	**Number**	78,761	3,073	37,193	(41,783)	77,244	—	77,244
	Value	$ 7,345,546	$ 129,214	$10,582,485	$ (1,562,148)	$16,495,097	$(5,266,030)	$ 11,229,067

(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. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category.

(2) During Fiscal Year 2026, a breach resulted in the misappropriation of fifty-one (51) virtual currency assets, all of which are contractually insured. The 42 impacted seized assets had an estimated value of $46 million as of the date of seizure. A receivable has been recorded reflecting the value of these assets the Department anticipates recovering from the vendor because these assets are contractually insured. The payment from the vendor will be entered as cash in lieu of the original asset upon receipt, with the value added to the adjustments column in the Analysis of Changes in Seized Property table for the fiscal year in which the cash payment is received. Therefore, the digital assets adjustments column includes a reduction of 28 assets with a value of $44 million to account for impacted assets seized in prior fiscal years and the seizure column has been reduced by 14 assets and $2 million to account for impacted assets seized in Fiscal Year 2026.

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

As of September 30, 2025

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash &	Number	21,479	386	6,492	(9,257)	19,100	—	19,100
Monetary Instruments	Value	$ 4,820,779	$ 7,946	$ 1,309,784	$ (1,574,465)	$4,564,044	$(2,093,487)	$ 2,470,557
Financial	Number	581	(107)	399	(393)	480	—	480
Instruments	Value	$ 302,532	$ (7,770)	$ 317,360	$ (88,434)	$ 523,688	$ (49,807)	$ 473,881
Digital	Number	1,347	75	692	(453)	1,661	—	1,661
Assets	Value	$ 1,170,564	$ 202,046	$ 831,055	$ (331,512)	$1,872,153	$(1,762,226)	$ 109,927
Real	Number	45	(5)	47	(44)	43	—	43
Property	Value	$ 64,635	$ (15,916)	$ 50,527	$ (40,645)	$ 58,601	$ (20,134)	$ 38,467
Personal	Number	7,945	101	3,065	(3,769)	7,342	—	7,342
Property	Value	$ 522,651	$ (179,750)	$ 68,809	$ (84,650)	$ 327,060	$ (205,359)	$ 121,701
Non-Valued								
Firearms	Number	44,172	5,781	21,150	(20,968)	50,135	—	50,135
Total	**Number**	75,569	6,231	31,845	(34,884)	78,761	—	78,761
	Value	$ 6,881,161	$ 6,556	$ 2,577,535	$ (2,119,706)	$7,345,546	$(4,131,013)	$ 3,214,533

(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. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category.

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

As of September 30, 2026

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Number	21,610	(190)	2,184	(1,511)	22,093
	Value	$ 62,434	$ (6,721)	$ 13,292	$ (8,648)	$ 60,357
Digital Assets	Number	158	24	67	(24)	225
	Value	$ 193,576	$ (40,948)	$ 29,114	$ (779)	$ 180,963
Personal Property	Number	302	3	32	(51)	286
	Value	$ 55,319	$ (1,494)	$ 1,050	$ (22,298)	$ 32,577
Non-Valued Firearms	Number	92,469	(2,177)	17,564	(12,517)	95,339
Drug Evidence						
Cocaine	KG	176,478	(2,845)	90,286	(101,523)	162,396
Heroin	KG	7,360	15	500	(1,135)	6,740
Marijuana	KG	6,121	143	659	(936)	5,987
Bulk Drug Evidence	KG	100,687	3,204	36,071	(70,696)	69,266
Methamphetamine	KG	87,573	939	40,495	(26,980)	102,027
Other	KG	32,137	337	8,257	(5,234)	35,497
Total Drug Evidence	KG	410,356	1,793	176,268	(206,504)	381,913

(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.

As of September 30, 2025

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Number					
	Value	$ 59,363	$ (7,031)	$ 16,482	$ (6,380)	$ 62,434
Digital Assets	Number	239	(139)	60	(2)	158
	Value	$ 316,491	$ (163,098)	$ 40,236	$ (53)	$ 193,576
Personal Property	Number	286	4	55	(43)	302
	Value	$ 3,220	$ 372	$ 52,451	$ (724)	$ 55,319
Non-Valued Firearms	Number	87,200	(2,904)	20,877	(12,704)	92,469
Drug Evidence						
Cocaine	KG	168,987	596	155,727	(148,832)	176,478
Heroin	KG	7,788	301	533	(1,262)	7,360
Marijuana	KG	6,754	239	342	(1,214)	6,121
Bulk Drug Evidence	KG	76,790	104	93,852	(70,059)	100,687
Methamphetamine	KG	86,235	2,806	26,509	(27,977)	87,573
Other	KG	29,133	1,032	8,333	(6,361)	32,137
Total Drug Evidence	KG	375,687	5,078	285,296	(255,705)	410,356

(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.

Note 9. Property, Plant and Equipment, Net

As of September 30, 2026

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Construction in Progress	1,374,334	—	1,374,334	N/A
Buildings, Improvements and Renovations	13,241,289	(8,755,699)	4,485,590	2-50 yrs
Other Structures and Facilities	1,142,720	(716,093)	426,627	10-50 yrs
Equipment & Vehicles[1]	2,274,753	(1,506,658)	768,095	5-30 yrs
Leasehold Improvements	2,623,347	(1,812,399)	810,948	2-20 yrs
Internal Use Software	2,914,085	(2,645,652)	268,433	2-10 yrs
Internal Use Software in Development	78,414	—	78,414	N/A
Other Property, Plant and Equipment	1,430	—	1,430	10-20 yrs
Lessee Right-to-Use Lease Asset	612,063	(189,858)	422,205	2-30 yrs
Total	$ 24,262,435	$(15,626,359)	$ 8,636,076	

As of September 30, 2025

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 185,416	$ —	$ 185,416	N/A
Construction in Progress	1,747,162	—	1,747,162	N/A
Buildings, Improvements and Renovations	12,475,900	(8,358,517)	4,117,383	2-50 yrs
Other Structures and Facilities	1,104,692	(689,344)	415,348	10-50 yrs
Equipment & Vehicles	2,268,441	(1,501,032)	767,409	5-30 yrs
Leasehold Improvements	2,404,891	(1,656,918)	747,973	2-20 yrs
Internal Use Software	2,878,938	(2,531,716)	347,222	2-10 yrs
Internal Use Software in Development	57,652	—	57,652	N/A
Other Property, Plant and Equipment	1,158	—	1,158	10-20 yrs
Lessee Right-to-Use Lease Asset	552,973	(145,514)	407,459	2-30 yrs
Total	$ 23,677,223	$(14,883,041)	$ 8,794,182	

Information concerning deferred maintenance and repairs is discussed in unaudited required supplementary information.

[1] Vehicles and equipment include passenger vehicles, boats, aircraft, and general equipment

These notes are an integral part of the financial statements.

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

As of September 30, 2026 and 2025

	2026	2025
Balance Beginning of Year, unadjusted	$ 8,794,182	$ 8,519,791
Effects of SFFAS 59 Implementation	(185,416)	—
Balance Beginning of Year, adjusted	8,608,766	8,519,791
Capitalized Acquisitions	1,002,610	1,207,708
Dispositions	(51,844)	(28,176)
Transfer In/Out without Reimbursements	811	(8,032)
Revaluation	(2,217)	7,374
Depreciation Expense	(801,301)	(803,727)
Lessee Lease Amortization Expense	(58,873)	(81,831)
Lease Cancellations/Downward Adjustments	(62,747)	(18,785)
Other	871	(140)
Balance End of Year	$ 8,636,076	$ 8,794,182

Estimated Land Acreage

Pursuant to *SFFAS No. 59, Accounting and Reporting of Government Land,* federal reporting entities are required to report estimated land acres to increase transparency, comparability, consistency, and reliability of land information. As such, components of the DOJ own and maintain land for operational purposes in accordance with their individual missions. As of September 30, 2026, estimated land acres by component is presented in the following table:

As of September 30, 2026	ATF	BOP	DEA	FBI	Total
PP&E Land					
Start of Prior Year	35	44,110	12	1,975	46,132
Start of Current Year	35	44,106	12	1,975	46,128
End of Current Year	35	43,986	12	1,990	46,023

The ATF owns and operates the National Laboratory Center located in Ammendale, Maryland. It is the main hub of the ATF's scientific research that includes the Fire Research Laboratory (FRL), National Firearms Examiner Academy (NFEA), and one of three forensic science laboratories. Throughout its history and pursuant to its mission, the BOP has acquired 118 correctional facilities across the United States and the land those facilities reside upon. The DEA owns land for its Aviation Division in Ft. Worth, Texas. The FBI owns land for the purpose of constructing buildings, ranges, and other structures. All DOJ reported land acres is considered operational by predominant use, as it is used for mission related activities. DOJ does not have any land considered as commercial by predominant use.

Note 10. Other Assets

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental		
Other Assets Intragovernmental	$ 16,755	$ 30,075
Other than Intragovernmental		
Other Assets Other than Intragovernmental	$ 2,301	$ 261
Total Other Assets	$ 19,056	$ 30,336

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental		
Other Liabilities		
Accrued FECA Liabilities	$ 363,657	$ 357,412
Other Unfunded Employment Related Liabilities	1,269	1,532
Other	5,140	6,956
Total Intragovernmental	$ 370,066	$ 365,900
Other than Intragovernmental		
Unfunded Leave and Other Employment Related Liabilities	$ 1,094,233	$ 1,074,509
Actuarial FECA	1,611,070	1,742,439
Environmental and Disposal Liabilities (Note 12)	92,255	90,103
Advances from Others and Deferred Revenue	979,145	923,201
Other Liabilities		
Contingent Liabilities (Note 17)	141,834	165,955
Unfunded Lessee Lease Liability	440,664	424,850
Radiation Exposure Compensation Act Liabilities (Note 26)	6,697,153	11,078
September 11th Victim Compensation Fund Liabilities (Note 26)	4,321,403	3,772,393
Other	368,447	390,569
Total Other than Intragovernmental	$ 15,746,204	$ 8,595,097
Total Liabilities Not Covered by Budgetary Resources	$ 16,116,270	$ 8,960,997
Total Liabilities Covered by Budgetary Resources	$ 8,006,131	$ 7,684,400
Total Liabilities Not Requiring Budgetary Resources	$ 14,070,312	$ 14,952,006
Total Liabilities	$ 38,192,713	$ 31,597,403

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.

Note 12. Environmental and Disposal Liabilities

As of September 30, 2026 and 2025

	2026	2025
Firing Ranges		
Beginning Balance, Brought Forward	$ 35,346	$ 35,008
Inflation Adjustment	344	338
Total Firing Range Liability	$ 35,690	$ 35,346
Asbestos		
Beginning Balance, Brought Forward	$ 54,757	$ 53,196
New Asbestos	—	30
Abatements	(348)	(175)
Inflation Adjustment	2,108	1,658
Future Funded Expenses	48	48
Total Asbestos Liability	$ 56,565	$ 54,757
Total Environmental and Disposal Liabilities	$ 92,255	$ 90,103

Per *SFFAS No. 5, Accounting for Liabilities of the Federal Government; SFFAS No. 6, Accounting for Property, Plant, and Equipment; FASAB Technical Release (TR) No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government; TR No. 10, Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment; and TR 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 66 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead projectiles from rifles, shotguns, and pistols. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2026 and 2025, BOP Management determined their estimated clean-up liability to be $33,387 and $33,043, respectively.

The FBI-owned ranges in Quantico, VA and El Toro, CA that contain possible contamination issues based on the Federal Financial Accounting and Auditing *TR No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government,* and *EPA-902-B-01-001, Best Management Practices for Lead at Outdoor Shooting Ranges.* 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. *TR No. 2* 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. The estimated total firing range liability is based on the estimated costs for contamination remediation. As of September 30, 2026 and 2025, the FBI reported the estimated firing range cleanup liability of $2,303 and $2,303, respectively.

Note 12. Environmental and Disposal Liabilities (continued)

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 remaining in each of the institutions as of October 30, 2009. As of September 30, 2026 and 2025, BOP Management recorded a clean-up liability in the amount of $53,795 and $52,036, 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 is based on an environmental survey of the facilities that may be contaminated. The current estimated asbestos cleanup liability 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, 2026 and 2025, the FBI reported the estimated asbestos cleanup liability of $2,770 and $2,721.

Note 13. Leases

In accordance with *SFFAS No. 54,* the Department reviewed current lease agreements with underlying assets, excluding those having terms of 24 months, lease arrangements that transfer ownership of the underlying assets, and intragovernmental leases. Other than intragovernmental lessee agreements include leases for buildings, office space, other facilities, machinery, vehicles, and equipment to support the operations of the Department. The majority of Other than Intragovernmental Lessee Agreements for machinery, vehicles, and aircrafts have terms between 5 to 10 years. Terms Other than Intragovernmental Lease Agreements for office space and other real property typically range from 10 to 20 years. In instances where the contract or agreement does not stipulate a discount rate, DOJ utilizes the Treasury Par Yield Curve to calculate discount rates based on the day and month a contract or agreement was executed.

Approximately half of the principal total for land, buildings, and operational space is attributed to international lease housing arrangements. Acting as an agent in these arrangements, DOS provides federal agencies quarterly analysis of their respective housing pools which can vary from quarter to quarter as they can increase or decrease due to quarterly acquisitions and disposals. Housing lease terms can vary, but the majority of terms currently range from 2-20 years. As of September 30, 2026, DOJ reported approximately $266,774 in lessee right-to-use lease assets and approximately $190,169 in lessee lease liability related to DOS housing pool and dedicated leases. Consistent with DOJ's implementation, DOS utilized Treasury's discount rate ranging from approximately 3.5 to 5.3 percent to calculate net present value, when the contract or agreement did not stipulate a discount rate. See Note 9 for more information on Lessee Right-to-Use Lease Assets.

Note 13. Leases (continued)

As of September 30, 2026

Other than Intragovernmental Lessee Agreements

Land, Building, and Operational Space:

Fiscal Year 2026	Principal	Interest	Total
2027	$ 65,387	$ 17,587	$ 82,974
2028	56,169	15,037	71,206
2029	48,277	12,712	60,989
2030	39,345	10,755	50,100
2031	32,876	9,148	42,024
2032 - 2036	92,071	29,566	121,637
2037 - 2041	52,255	14,343	66,598
2042 -2046	18,299	5,652	23,951
2047 - 2051	9,150	2,930	12,080
2052+	7,356	891	8,247
Subtotal: Land, Buildings and Operational Space	$ 421,185	$ 118,621	$ 539,806

Machinery, Equipment, and Vehicles:

Fiscal Year 2026	Principal	Interest	Total
2027	$ 5,203	$ 802	$ 6,005
2028	4,135	588	4,723
2029	4,439	390	4,829
2030	2,637	200	2,837
2031	449	146	595
2032 - 2036	1,546	503	2,049
2037 - 2041	1,129	101	1,230
2042 -2046	—	—	—
2047 - 2051	—	—	—
2052+	—	—	—
Subtotal: Machinery, Equipment and Vehicles	19,538	2,730	22,268
Total	$ 440,723	$ 121,351	$ 562,074

Note 13. Leases (continued)

Intragovernmental lease agreements are typically through the General Services Administration (GSA), and predominantly include buildings or office space with typical terms of 5 to 15 years.

Intragovernmental Lease Expense

As of September 30, 2026 and 2025

	2026	2025
Buildings	$ 1,977,292	1,985,904
Equipment and Vehicles	58,442	53,982
Other	4,403	158
Total	$ 2,040,137	$ 2,040,044

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, 2026 and 2025

	2026	2025
Investments, Net	$ 1,580,000	$ 1,580,000
Seized Cash Deposited	4,104,032	2,969,488
Seized Monetary Instruments	74,013	76,990
Cash in Transit to (AFF)/SADF	(3,885)	(18,935)
Other	49,238	—
Total Seized Cash and Monetary Instruments	$ 5,803,398	$ 4,607,543

Note 15. Federal Employee Benefits

Employee benefits include employer portion of payroll taxes, retirement contributions, estimated salaries, wages, leave that has been earned but unpaid and post-employment benefits. The entirety of post-employment benefits reported from the balance sheet relates to the Federal Employees' Compensation Act (FECA) actuarial liability. This liability constitutes an extended future estimate of cost, and will not be obligated against budgetary resources until the fiscal year in which the cost is billed to the Department. Federal employee benefits related to current and former employees of the Department are summarized below.

Note 15. Federal Employee Benefits(Continued)

As of September 30, 2026 and 2025

	2026	2025
Federal Employee Salary, Leave, and Benefits		
Accrued Funded Payroll and Leave	$ 380,829	$ 410,011
Employer Contributions and Payroll Taxes Payable	19,289	17,264
Unfunded Leave	1,098,370	1,078,823
Total Federal Employee Salary, Leave, and Benefits	$ 1,498,488	$ 1,506,098
Post-Employment Benefits		
Actuarial FECA	$ 1,611,070	$ 1,742,439
Total	$ 3,109,558	$ 3,248,537

Note 16. Other Liabilities

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental:		
Benefit Program Contributions Payable	$ 523,176	$ 499,687
Employer Contributions and Payroll Taxes Payable	33,731	29,020
Liability for Clearing Accounts	38	(40)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	2,746	2,921
Other Liabilities	14,909	17,524
Total Intragovernmental	$ 574,600	$ 549,112
Other than Intragovernmental		
Other Liabilities without Related Budgetary Obligations	$ 415,689	$ 441,138
Other Liabilities with Related Budgetary Obligations	42,569	41,190
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	82,478	92,615
Liability for Clearing Accounts	1,137	1,212
Custodial Liabilities	339,277	196,963
Contingent Liabilities (Note 17)	141,834	165,955
Other Liabilities	3,520	3,962
Total Other than Intragovernmental	$ 1,026,504	$ 943,035
Total Other Liabilities	$ 1,601,104	$ 1,492,147

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 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.

Note 16. Other Liabilities (Continued)

Most of the Other Liabilities other than intragovernmental are composed of future funded energy savings performance contracts and utilities. In addition, Other Liabilities other than intragovernmental 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 saving performance contracts.

Note 17. Commitments and Contingencies

As of September 30, 2026	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	$ 141,834	$ 141,834	$ 323,933
Reasonably Possible		$ 79,295	$ 1,609,197

As of September 30, 2025	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	$ 165,955	$ 165,955	$ 462,726
Reasonably Possible		$ 110,119	$ 1,554,714

Note 18. 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 Identifying and Reporting Funds from Dedicated Collections* for the required criteria for funds from dedicated collections.

Note 18. Funds from Dedicated Collections (continued)

As of September 30, 2026	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Fund (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	U.S. VSSTF (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet										
Assets										
Intragovernmental Assets:										
Fund Balance with Treasury	$ 2,708,669	$ 184,856	$ 395,646	$ 348,948	$ 410,522	$ 1,111	$6,766,301	$ 5,424	$ —	$ 10,821,477
Investments, Net	1,275,171	—	—	—	—	572,188	—	—	—	1,847,359
Accounts Receivable, Net	7,816	—	—	56	262	—	—	—	—	8,134
Advances and Prepayments	519	—	76	2	25	—	49,415	—	—	50,037
Total Intragovernmental Assets	$ 3,992,175	$ 184,856	$ 395,722	$ 349,006	$ 410,809	$ 573,299	$6,815,716	$ 5,424	$ —	$ 12,727,007
Other than Intragovernmental Assets:										
Accounts Receivable, Net	$ 993	$ 5,824	$ —	$ 43	$ 80,460	$ 4	$ —	$ —	$ —	$ 87,324
Inventory and Related Property, Net	438,412	27,437	—	—	—	—	—	—	—	465,849
Property, Plant, and Equipment, Net	12,629	1,960	16,949	—	12,669	—	—	—	—	44,207
Advances and Prepayments	8,591	562	3,689	507	424	—	985	—	—	14,758
Other Assets	1	—	—	—	—	—	—	—	—	1
Total Other than Intragovernmental Assets	$ 460,626	$ 35,783	$ 20,638	$ 550	$ 93,553	$ 4	$ 985	$ —	$ —	$ 612,139
Total Assets	$ 4,452,801	$ 220,639	$ 416,360	$ 349,556	$ 504,362	$ 573,303	$6,816,701	$ 5,424	$ —	$ 13,339,146
Liabilities										
Intragovernmental Liabilities										
Accounts Payable	$ 78,747	$ 239	$ 10,673	$ 4,725	$ 9,251	$ 1	$ 77,089	$ —	$ —	$ 180,725
Other Liabilities	2,989	8,204	3,383	7,911	1,037	9	—	—	—	23,533
Total Intragovernmental Liabilities	$ 81,736	$ 8,443	$ 14,056	$ 12,636	$ 10,288	$ 10	$ 77,089	$ —	$ —	$ 204,258
Other than Intragovernmental Liabilities:										
Accounts Payable	$ 546,584	$ 142,964	$ 19,222	$ 1,154	$ 311	$ 948	$ 1,321	$ —	$ —	$ 712,504
Federal Employee Salary, Leave and	4,852	1,723	28,604	2,890	11,987	85	—	—	—	50,141
Advances from Others and Deferred	438,412	—	959,240	—	—	—	—	—	—	1,397,652
Other Liabilities	(2,904)	14	213	—	9	601,280	137,735	26	—	736,373
Total Other than Intragovernmental Liabilities	$ 986,944	$ 144,701	$ 1,007,279	$ 4,044	$ 12,307	$ 602,313	$ 139,056	$ 26	$ —	$ 2,896,670
Total Liabilities	$ 1,068,680	$ 153,144	$ 1,021,335	$ 16,680	$ 22,595	$ 602,323	$ 216,145	$ 26	$ —	$ 3,100,928
Net Position										
Unexpended Appropriations	$ —	$ —	$ —	$ 35,703	$ (264)	$ 2,405,962	$ —	$ —	$ —	$ 2,441,401
Cumulative Results of Operations	3,384,121	67,495	(604,975)	297,173	482,031	(2,434,982)	6,600,556	5,398	—	7,796,817
Total Net Position	$ 3,384,121	$ 67,495	$ (604,975)	$ 332,876	$ 481,767	$ (29,020)	$6,600,556	$ 5,398	$ —	$ 10,238,218
Total Liabilities and Net Position	$ 4,452,801	$ 220,639	$ 416,360	$ 349,556	$ 504,362	$ 573,303	$6,816,701	$ 5,424	$ —	$ 13,339,146

These notes are an integral part of the financial statements.

Note 18. Funds from Dedicated Collections (continued)

For the Fiscal Year Ended September 30, 2026	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	U.S. VSSTF (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Net Cost										
Gross Cost of Operations	$ 2,607,820	$ 431,946	$ 661,117	$ 205,299	$ 226,060	$ 271,889	$ 1,829,731	$ 1,641	$ —	$ 6,235,503
Less: Earned Revenues	19,719	308,185	622,724	376,864	302,050	—	—	—	—	1,629,542
Net Program Costs	$ 2,588,101	$ 123,761	$ 38,393	$ (171,565)	$ (75,990)	$ 271,889	$ 1,829,731	$ 1,641	$ —	$ 4,605,961

For the Fiscal Year Ended September 30, 2026	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	U.S. VSST (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	$ —	$ —	$ —	$ 31,999	$ (264)	$ 2,405,962	$ —	$ —	$ —	$ 2,437,697
Beginning Balance, as adjusted	—	—	—	31,999	(264)	2,405,962	—	—		2,437,697
Appropriations Transferred in/out	—	—	—	3,704	—	—	—	—	—	3,704
Total Unexpended Appropriations	$ —	$ —	$ —	$ 35,703	$ (264)	$ 2,405,962	$ —	$ —	$ —	$ 2,441,401
Cumulative Results of Operations										
Beginning Balance	$ 3,762,990	$ 177,194	$ (606,079)	$ 125,608	$ 404,437	$ (2,442,574)	$ 7,601,269	$ 5,591	$ —	$ 9,028,436
Other than Intragovernmental Non-exchange revenue	(13,394)	—	—	—	55	—	948,119	1,448	—	936,228
Miscellaneous Receipts: Fines and Fees									—	
Intragovernmental Non-exchange revenue	350,509	—	—	—	—	31,875	—	—	—	382,384
Donations and forfeitures of cash and	2,236,354	—	—	—	—	247,607	—	—	—	2,483,961
Transfers in/out without reimbursements	(2,732)	(7)	—	—	(21,602)	(1)	(119,101)	—	—	(143,443)
Imputed Financing	6,696	14,069	39,497	—	23,151	—	—	—	—	83,413
Other	(368,201)	—	—	—	—	—	—	—	—	(368,201)
Net Costs of Operations	(2,588,101)	(123,761)	(38,393)	171,565	75,990	(271,889)	(1,829,731)	(1,641)	—	(4,605,961)
Net Change and Cumulative Results of Operations	(378,869)	(109,699)	1,104	171,565	77,594	7,592	(1,000,713)	(193)		(1,231,619)
Total Cumulative Results of Operation	$ 3,384,121	$ 67,495	$ (604,975)	$ 297,173	$ 482,031	$ (2,434,982)	$ 6,600,556	$ 5,398	$ —	$ 7,796,817
Net Position, End of Period	$ 3,384,121	$ 67,495	$ (604,975)	$ 332,876	$ 481,767	$ (29,020)	$ 6,600,556	$ 5,398	$ —	$ 10,238,218

These notes are an integral part of the financial statements.

Note 18. Funds from Dedicated Collections (continued)

As of September 30, 2025	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	U.S. VSST (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet										
Assets										
Intragovernmental Assets:										
Fund Balance with Treasury	$ 3,123,427	$ 202,471	$ 356,991	$ 185,316	$ 321,354	$ 5,004	$7,639,860	$ 5,695	$ —	$ 11,840,118
Investments, Net	1,171,700	—	—	—	19,511	3,101,849	—	—	—	4,293,060
Accounts Receivable, Net	11,586	—	—	1,038	367	—	—	—	—	12,991
Advances and Prepayments	564	—	66	774	78	—	112,908	—	—	114,390
Total Intragovernmental Assets	$ 4,307,277	$ 202,471	$ 357,057	$ 187,128	$ 341,310	$3,106,853	$7,752,768	$ 5,695	$ —	$ 16,260,559
Other than Intragovernmental Assets:										
Accounts Receivable, Net	9	216	—	39	72,110	—	—	—	—	72,374
Inventory and Related Property, Net	459,609	22,292	—	—	—	—	—	—	—	481,901
Property, Plant, and Equipment, Net	722	2,021	19,208	39	13,947	—	—	—	—	35,937
Advances and Prepayments	2,104	20	16	1,849	198	—	497	—	—	4,684
Other Assets	1	—	—	—	—	—	—	—	—	1
Total Other than Intragovernmental Assets	$ 462,445	$ 24,549	$ 19,224	$ 1,927	$ 86,255	$ —	$ 497	$ —	$ —	$ 594,897
Total Assets	$ 4,769,722	$ 227,020	$ 376,281	$ 189,055	$ 427,565	$3,106,853	$7,753,265	$ 5,695	$ —	$ 16,855,456
Liabilities										
Intragovernmental Liabilities:										
Accounts Payable	$ 50,996	$ 1,340	$ 15,040	$ 7,048	$ 6,794	$ —	$ 26,198	$ —	$ —	$ 107,416
Other Liabilities	1,834	10,651	2,802	9,912	1,389	6	—	—	—	26,594
Total Intragovernmental Liabilities	$ 52,830	$ 11,991	$ 17,842	$ 16,960	$ 8,183	$ 6	$ 26,198	$ —	$ —	$ 134,010
Other than Intragovernmental Liabilities:										
Accounts Payable	$ 508,559	$ 38,698	$ 18,625	$ 1,699	$ (481)	$ 920	$ 1,338	$ —	$ —	$ 569,358
Federal Employee Salary, Leave and Benefits	4,650	(928)	27,957	12,789	15,682	6,323	—	—	—	66,473
Advances from Others and Deferred Revenue	459,609	—	917,583	—	—	—	—	—	—	1,377,192
Other Liabilities	(18,916)	65	353	—	8	3,136,216	124,460	104	—	3,242,290
Total Other than Intragovernmental Liabilities	$ 953,902	$ 37,835	$ 964,518	$ 14,488	$ 15,209	$3,143,459	$ 125,798	$ 104	$ —	$ 5,255,313
Total Liabilities	$ 1,006,732	$ 49,826	$ 982,360	$ 31,448	$ 23,392	$3,143,465	$ 151,996	$ 104	$ —	$ 5,389,323
Net Position										
Unexpended Appropriations	$ —	$ —	$ —	$ 31,999	$ (264)	$2,405,962	$ —	$ —	$ —	$ 2,437,697
Cumulative Results of Operations	3,762,990	177,194	(606,079)	125,608	404,437	(2,442,574)	7,601,269	5,591	—	9,028,436
Total Net Position	3,762,990	177,194	(606,079)	157,607	404,173	(36,612)	7,601,269	5,591	—	11,466,133
Total Liabilities and Net Position	$ 4,769,722	$ 227,020	$ 376,281	$ 189,055	$ 427,565	$3,106,853	$7,753,265	$ 5,695	$ —	$ 16,855,456

These notes are an integral part of the financial statements.

Note 18. Funds from Dedicated Collections (continued)

For the Fiscal Year Ended September 30, 2025	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	United States VSST (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Net Cost										
Gross Cost of Operations	$ 1,664,597	$ 416,145	$ 672,012	$ 272,584	$ 278,703	$ 351,291	$ 1,721,879	$ 2,342	$ —	$ 5,379,553
Less: Earned Revenues	17,070	351,784	597,667	282,449	264,780	—	—	—	—	1,513,750
Net Program Costs	$ 1,647,527	$ 64,361	$ 74,345	$ (9,865)	$ 13,923	$ 351,291	$ 1,721,879	$ 2,342	$ —	$ 3,865,803

For the Fiscal Year Ended September 30, 2025	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBDs)	U.S. Trustee System Fund (OBDs)	United States VSST (OBDs)	Crime Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	$ —	$ —	$ —	$ 19,300	$ (264)	$ 3,038,140	$ —	$ —	$ —	$ 3,057,176
Appropriations Transferred in/out	—	—	—	12,699	—	—	—	—	—	12,699
Appropriations Used	—	—	—	—	—	(632,178)	—	—	—	(632,178)
Total Unexpended Appropriations	$ —	$ —	$ —	$ 31,999	$ (264)	$ 2,405,962	$ —	$ —	$ —	$ 2,437,697
Cumulative Results of Operations										
Beginning Balance	$ 3,325,197	$ 226,184	$ (575,180)	$ 114,583	$ 403,796	$(3,070,694)	$6,256,614	$ 6,093	$ —	$ 6,686,593
Appropriations Used	$ —	$ —	$ —	$ —	$ —	$ 632,178	$ —	$ —	$ —	$ 632,178
Other than Intragovernmental Non-exchange revenue	(10,701)	—	—	—	123	—	3,156,534	1,840	—	3,147,796
Miscellaneous Receipts: Fines and Fees										
Intragovernmental Non-exchange revenue	382,902	—	—	—	—	148,151	—	—	—	531,053
Donations and forfeitures of cash and	1,956,780	—	—	—	—	199,082	—	—	—	2,155,862
Transfers in/out without reimbursements	(1,742)	—	—	—	(18,668)	—	(90,000)	—	—	(110,410)
Imputed Financing	8,081	15,371	43,446	—	33,109	—	—	—	—	100,007
Other	(250,000)	—	—	1,160	—	—	—	—	—	(248,840)
Net Costs of Operations	(1,647,527)	(64,361)	(74,345)	9,865	(13,923)	(351,291)	(1,721,879)	(2,342)	—	(3,865,803)
Net Change and Cumulative Results of Operations	437,793	(48,990)	(30,899)	11,025	641	628,120	1,344,655	(502)	—	2,341,843
Total Cumulative Results of Operation	$ 3,762,990	$ 177,194	$ (606,079)	$ 125,608	$ 404,437	$(2,442,574)	$7,601,269	$ 5,591	$ —	$ 9,028,436
Net Position, End of Period	$ 3,762,990	$ 177,194	$ (606,079)	$ 157,607	$ 404,173	$ (36,612)	$7,601,269	$ 5,591	$ —	$ 11,466,133

These notes are an integral part of the financial statements.

Note 18. 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 (ATR) 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. Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

In FY 2023, Justice Department's Antitrust Division submitted a project proposal to the GSA Technology Modernization Fund (TMF) and was subsequently awarded $45.5 million, with a total repayment amount of $11.4 million over five years to significantly improve its outdated case management and interoffice communications tools. Specifically, the award will be devoted to the acquisition of updated review platforms, improvements to internal IT service management, enhancements to case management systems, and a simplified public complaints process. The ATR has committed to repaying the entire amount solely from ATR funds and will not request any additional funding from the Department for repayment. As of September 30, 2026, a total of $42.8 million of the GSA award has been transferred to the ATR. The total related repayment disbursed was $3.6 million.

The *Victims of State Sponsored Terrorism Act (USVSST Act)* provides for the establishment and administration of the USVSSTF to provide compensation to certain U.S. persons who were injured in acts of international state sponsored terrorism.

Note 18. Funds from Dedicated Collections (continued)

In FY 2023, the USVSSTF received an additional $5.6 billion in appropriated funds as lump sum catch-up payments for eligible 9/11 related claimants, the 1983 Beirut barracks bombing victims, and the 1996 Khobar Towers bombing victims. Although for FYs 2023 through 2026, the predominant funding source of the USVSSTF program was appropriated funds, the long-term expectation of the USVSSTF program is that it will continue to be financed by non-federal sources.

Therefore, in accordance with *SFFAS No. 43 Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, which states, "Funds that are financed by specifically identified revenues, provided to the government by non-federal sources, which remain available over time, are considered funds from dedicated collections", the Department reported the USVSSTF activity as Funds from Dedicated Collections.

The Crime Victims Fund (CVF) 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 Department of Health and Human Services (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 (FPCF) was created in the early 1930s to allow inmates 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 FPCF, a trust fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

Note 19. Suborganization Program Costs

For the Fiscal Year Ended September 30, 2026

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	$ 2,607,820	$ 1,754,512	$ —	$ 3,434,299	$12,560,482	$ —	$ 1,069,243	$ —	$ 2,602,489	$ (937,949)	$ 23,090,896
Less: Earned Revenues	$ 19,719	$ 57,336	$ —	$ 657,444	$ 1,169,514	$ —	$ 162,530	$ —	$ 37,903	$ (515,874)	$ 1,588,572
Net Cost of Operations	$ 2,588,101	$ 1,697,176	$ —	$ 2,776,855	$11,390,968	$ —	$ 906,713	$ —	$ 2,564,586	$ (422,075)	$ 21,502,324
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$16,742,046	$ —	$ —	$ (29,289)	$ 16,712,757
Less: Earned Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$ 614,979	$ —	$ —	$ (41,961)	$ 573,018
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$16,127,067	$ —	$ —	$ 12,672	$ 16,139,739
Major Program 3: Prisons and Detention											
Gross Cost	$ —	$ —	$10,485,503	$ —	$ —	$ 543,543	$ 7,708	$ —	$ 2,220,626	$ (355,194)	$ 12,902,186
Less: Earned Revenues	$ —	$ —	$ 489,669	$ —	$ —	$ 541,410	$ —	$ —	$ 449	$ (40,792)	$ 990,736
Net Cost of Operations	$ —	$ —	$ 9,995,834	$ —	$ —	$ 2,133	$ 7,708	$ —	$ 2,220,177	$ (314,402)	$ 11,911,450
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,024,784	$ 4,125,818	$ —	$ (114,871)	$ 5,035,731
Less: Earned Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$ 8,000	$ 31,872	$ —	$ (31,341)	$ 8,531
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,016,784	$ 4,093,946	$ —	$ (83,530)	$ 5,027,200
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,164,600	$ —	$ —	$ (16,933)	$ 3,147,667
Less: Earned Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,427,050	$ —	$ —	$ (810,006)	$ 617,044
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,737,550	$ —	$ —	$ 793,073	$ 2,530,623
Net Cost of Operations	$ 2,588,101	$ 1,697,176	$ 9,995,834	$ 2,776,855	$11,390,968	$ 2,133	$19,795,822	$ 4,093,946	$ 4,784,763	$ (14,262)	$ 57,111,336

These notes are an integral part of the financial statements.

Note 19. Suborganization Program Costs (continued)

For the Fiscal Year Ended September 30, 2025

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	$ 1,664,597	$ 1,909,515	$ —	$ 3,460,659	$13,110,616	$ —	$ 534,276	$ —	$ 2,621,759	$ (795,619)	$ 22,505,803
Less: Earned Revenues	$ 17,070	$ 56,080	$ —	$ 620,937	$ 1,112,041	$ —	$ (135)	$ —	$ 50,094	$ (356,884)	$ 1,499,203
Net Cost of Operations	$ 1,647,527	$ 1,853,435	$ —	$ 2,839,722	$11,998,575	$ —	$ 534,411	$ —	$ 2,571,665	$ (438,735)	$ 21,006,600
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 7,938,174	$ —	$ —	$ (28,149)	$ 7,910,025
Less: Earned Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$ 478,459	$ —	$ —	$ (47,935)	$ 430,524
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 7,459,715	$ —	$ —	$ 19,786	$ 7,479,501
Major Program 3: Prisons and Detention											
Gross Cost	$ —	$ —	$10,363,772	$ —	$ —	$ 591,130	$ 7,939	$ —	$ 2,186,287	$ (325,309)	$ 12,823,819
Less: Earned Revenues	$ —	$ —	$ 416,825	$ —	$ —	$ 576,005	$ —	$ —	$ 551	$ (43,597)	$ 949,784
Net Cost of Operations	$ —	$ —	$ 9,946,947	$ —	$ —	$ 15,125	$ 7,939	$ —	$ 2,185,736	$ (281,712)	$ 11,874,035
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,192,426	$ 5,008,147	$ —	$ (115,360)	$ 6,085,213
Less: Earned Revenue	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,254	$ 24,990	$ —	$ (16,668)	$ 10,576
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,190,172	$ 4,983,157	$ —	$ (98,692)	$ 6,074,637
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,354,778	$ —	$ —	$ (23,163)	$ 3,331,615
Less: Earned Revenues	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,346,154	$ —	$ —	$ (808,907)	$ 537,247
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,008,624	$ —	$ —	$ 785,744	$ 2,794,368
Net Cost of Operations	$ 1,647,527	$ 1,853,435	$ 9,946,947	$ 2,839,722	$11,998,575	$ 15,125	$11,200,861	$ 4,983,157	$ 4,757,401	$ (13,609)	$ 49,229,141

These notes are an integral part of the financial statements.

Note 20. 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. *Federal Financial Accounting Standards Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS No. 4 and SFFAS No. 5*, 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	56.0
	Regular Employees Offset	40.7
	Law Enforcement Officers	94.7
	Law Enforcement Officers Offset	79.8
Federal Employees Retirement System (FERS)	Regular Employees	24.6
	Regular Employees - Revised Annuity Employees (RAE)	25.0
	Regular Employees - Further Revised Annuity Employees (FRAE)	25.3
	Law Enforcement Officers	52.8
	Law Enforcement Officers - RAE	53.4
	Law Enforcement Officers - FRAE	53.8

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.

Note 20. Imputed Financing (continued)

For the Fiscal Years Ended September 30, 2026 and 2025

	2026	2025
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 44,095	$ 173,515
Health Insurance	1,059,240	1,104,207
Life Insurance	2,618	2,774
Pension	1,182,866	1,570,186
Total Imputed Inter-Departmental	$ 2,288,819	$ 2,850,682

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, 2026 and 2025, the FPI imputed costs were $14,262 and $13,609.

Note 21. 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, 2026 and 2025

	2026	2025
Unobligated Balance Brought Forward from Prior Year	$ 28,044,211	$ 15,211,389
Adjustment to Budgetary Resources Made During Current Year		
Downward Adjustments of Prior Year Undelivered	1,291,124	1,682,097
Downward Adjustments of Prior Year Delivered	415,279	197,154
Other Adjustments	(4,294)	(9,148)
Total Adjustments	1,702,109	1,870,103
Unobligated balance Brought Forward from Prior Year	$ 29,746,320	$ 17,081,492

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

Status of Undelivered Orders:

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

As of September 30, 2026 and 2025

	2026	2025
Intragovernmental:		
UDO Obligations Unpaid	$ 1,905,517	$ 1,577,328
UDO Obligations Prepaid/Advanced	578,551	517,894
Total Intragovernmental UDO	$ 2,484,068	$ 2,095,222
Other than Intragovernmental:		
UDO Obligations Unpaid	$ 16,678,581	$ 15,764,765
UDO Obligations Prepaid/Advanced	596,877	487,900
Total Other than Intragovernmental UDO	17,275,458	16,252,665
Total UDO	$ 19,759,526	$ 18,347,887

Permanent Indefinite Appropriations:

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time available for the agency 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 15, 1990, Congress passed the *Radiation Exposure Compensation Act (RECA, 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. Since its inception in 1990, RECA has seen multiple extensions to its filing window. Most recently, the One Big Beautiful Bill Act (Public Law 119-21) revived and significantly expanded the program. The updated legislation broadens geographic coverage, adds new eligibility categories, and raises the lump-sum baseline compensation up to $100,000 for certain qualified claimants through December 31, 2027. Additional information can be found in Note 26.
- Congress established the FPCF, a trust fund, in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated Federal funds. The FPCF is a self-sustaining trust revolving fund account that is funded through sales of goods and services, rather than annual or no-year appropriations.

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

- *The Public Safety Officers' Benefits Act of 1976 (PSOB Act, 42 U.S.C §46 Subchapter XII).* OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers mortally injured in the line of duty. The PSOB Program offers three types of benefits:

    - 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.

    - Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.

    - 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.

- *Public Law 100-202, §101 (a) [title II], 101 Statute 1329, 1329-9*, as amended by *Public Law 111-68, Division A, title I, §1501(d), 123 Statute 2041*, provided that a permanent indefinite appropriation is established within the Department of Justice to pay all necessary expenses of investigations and prosecutions by independent counsel appointed pursuant to provisions of *28 U.S.C. § 591.*

- 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. Additional information can be found in Note 26.

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.

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

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

The reconciliation as of September 30, 2025, is presented below. A current year reconciliation is not presented because the submission of the *Budget of the United States (Budget)* for FY 2027, which presents the execution of the FY 2026 Budget, occurs after publication of these financial statements. The *DOJ Budget Appendix* can be found on the OMB website and will be published at a later date in 2027.

For the Fiscal Year Ended September 30, 2025
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	$80,186	$52,142	$1,798	$46,228
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, & USMS	(1,536)	(375)	—	—
USMS Court Security Funds	(701)	(662)	—	(676)
Distributed Offsetting Receipts	—	—	(16)	389
Special and Trust Fund Receipts	—	—	—	1,408
Other	(3)	(7)	—	(4)
Budget of the United States Government	$77,946	$51,098	$1,782	$47,345

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

Note 22. 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). The Department is aware of settlements and judgments 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.

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.

Note 22. 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, 2026 and 2025, the Department reported total custodial revenue on the SCA in the amount of $4,965,257 and $16,586,984, respectively. The custodial revenue represented $7,099,047 and $7,456,746 in custodial collections and $(2,133,790) and $9,130,238 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, 2026 and 2025, the assets and liabilities related to custodial activities were $7,798,230 and $9,847,135 respectively. As of September 30, 2026 and 2025, the total funds returned to the Treasury General Fund were $(568,187) and $(1,311,667).

The table below shows collection activity by revenue type.

As of September 30, 2026 and 2025

Non-Exchange Revenue	2026 Collections	2025 Collections
Excise Taxes	$ 53,665	$ 193,218
Fines, penalties, interest and other revenue	7,045,382	7,263,528
Less: amounts collected for non-Federal entities	508,246	409,943
Total amount of federal revenues collected	$ 6,590,801	$ 7,046,803
Refund/Payments		
Excise Taxes	$ 2,880	$ 9,661
Total amount of federal revenues collected	$ 2,880	$ 9,661

Note 23. Reconciliation of Net Cost 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 assets/liabilities); (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.

Note 23. Reconciliation of Net Cost to Net Outlays (continued)

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.

Note 23. Reconciliation of Net Cost to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2026

	Intra-governmental	Other than Intra-governmental	Total
NET COST	**$ 10,761,951**	**$ 46,349,385**	**$ 57,111,336**
Components of Net Cost That Are Not Part of the Budgetary Outlays:			
Property, Plant, and Equipment Depreciation Expense	$ —	$ (801,302)	$ (801,302)
Property, Plant, and Equipment Disposal and Revaluation	—	(60,697)	(60,697)
Lessee Lease Amortization	—	(82,905)	(82,905)
Gain/Losses on lease cancellations	—	1,922	1,922
Costs of Goods Sold	—	(244,641)	(244,641)
Inventory disposals and revaluation	—	(1,628)	(1,628)
Other	—	(29,967)	(29,967)
Increase/(Decrease) in Assets			
Accounts Receivable, Net	25,561	19,650	45,211
Securities and Investments	838	—	838
Other Assets	282,995	(33,306)	249,689
(Increase)/Decrease in Liabilities			
Accounts Payable	(61,722)	(415,881)	(477,603)
Lessee Lease Liability	—	(38,022)	(38,022)
Environmental and Disposal Liabilities	—	(2,152)	(2,152)
Federal Employee Salary, Leave and Benefits	—	7,752	7,752
Post-Employment Benefits	—	131,369	131,369
Other Liabilities	(518,356)	(6,837,755)	(7,356,111)
Financing Sources			
Imputed Costs	(2,288,819)	—	(2,288,819)
Total Components of Net Costs That Are Not Part of the Budgetary Outlays:	**$ (2,559,503)**	**$ (8,387,563)**	**$(10,947,066)**
Component of Budgetary Outlays That Are Not Part of Net Operating Costs:			
Acquisition of Capital assets	$ 69,212	$ 818,013	$ 887,225
Acquisition of Inventory	28	263,084	263,112
Acquisition of Other Assets	(2,856)	110,505	107,649
Financing Sources			
Transfers out (in) without Reimbursements	(414,558)	—	(414,558)
Total Components of Budgetary Outlays That Are Not Part of Net Operating Costs:	**$ (348,174)**	**$ 1,191,602**	**$ 843,428**
Misc Items			
Distributed Offsetting Receipts	$ (2,565,600)	$ (666,417)	$ (3,232,017)
Recognition of Right-to-Use Lease Assets	—	(2,541)	(2,541)
Custodial/Non-Exchange Revenue	—	4,362	4,362
Other Temporary Timing Differences	(3,231)	(59)	(3,290)
Appropriated Receipts for Trust/Special Funds	2,177,592	665,073	2,842,665
Total Other Reconciling Items	$ (391,239)	$ 418	$ (390,821)
Total Net Outlays	**$ 7,463,035**	**$ 39,153,842**	**$ 46,616,877**
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, Net			**$ 46,616,877**

These notes are an integral part of the financial statements.

Note 23. Reconciliation of Net Cost to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2025

	Intra-governmental	Other than Intra-governmental	Total
NET COST	**$ 11,592,224**	**$ 37,636,917**	**$ 49,229,141**
Components of Net Cost That Are Not Part of the Budgetary Outlays:			
Property, Plant, and Equipment Depreciation Expense	$ —	$ (803,727)	$ (803,727)
Property, Plant, and Equipment Disposal and Revaluation	—	(26,188)	(26,188)
Lessee Lease Amortization	—	(81,831)	(81,831)
Gain/Losses on lease cancellations	—	1,415	1,415
Cost of Goods Sold	—	(217,454)	(217,454)
Other	—	(24,804)	(24,804)
Increase/(Decrease) in Assets			
Accounts Receivable, Net	(66,047)	(20,372)	(86,419)
Securities and Investments	(1,405)	(25)	(1,430)
Other Assets	(57,302)	10,554	(46,748)
(Increase)/Decrease in Liabilities			
Accounts Payable	(67,719)	230,974	163,255
Lessee Lease Liability	—	(20,155)	(20,155)
Environmental and Disposal Liabilities	—	(1,898)	(1,898)
Federal Employee Salary, Leave and Benefits	—	(79,613)	(79,613)
Post-Employment Benefits	—	(26,724)	(26,724)
Other Liabilities	18,245	596,625	614,870
Financing Sources			
Imputed Costs	(2,850,682)	—	(2,850,682)
Total Components of Net Costs That Are Not Part of the Budgetary Outlays:	**$ (3,024,910)**	**$ (463,223)**	**$ (3,488,133)**
Component of Budgetary Outlays That Are Not Part of Net Operating Costs:			
Acquisition of Capital Assets	$ (19,724)	$ 974,542	$ 954,818
Acquisition of Inventory	4	213,031	213,035
Acquisition of Other Assets	70,562	200,448	271,010
Financing Sources			
Transfers out (in) without Reimbursements	(74,949)	—	(74,949)
Total Components of Budgetary Outlays That Are Not Part of Net Operating Costs:	**$ (24,107)**	**$ 1,388,021**	**$ 1,363,914**
Misc Items			
Distributed Offsetting Receipts	$ (882,970)	$ (646,927)	$ (1,529,897)
Recognition of Right-to-Use Lease Assets	—	740	740
Custodial/Non-Exchange Revenue	—	16,292	16,292
Other Temporary Timing Differences	3,059	(13)	3,046
Appropriated Receipts for Trust/Special Funds	—	632,777	632,777
Total Other Reconciling Items	$ (879,911)	$ 2,869	$ (877,042)
Total Net Outlays	**$ 7,663,296**	**$ 38,564,584**	**$ 46,227,880**
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, Net			**$ 46,227,880**

These notes are an integral part of the financial statements.

Note 24. 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 16 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 incur all 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.

In accordance with *SFFAS No. 49, Public-Private Partnerships: Disclosure Requirements,* the Federal Bureau of Investigation (FBI) maintains public-private partnerships with energy service companies through Utility Energy Services Contracts (UESC). A UESC is a limited-source acquisition between a federal agency and serving utility for energy management services, which includes energy and water efficiency improvements and energy demand reduction. The energy service company designs and implements the energy conservation measures (ECM) for the federal agency.

As of September 30, 2026, the FBI has identified one P3 arrangement, a UESC, that meets the SFFAS No. 49 disclosure requirements. To pay for the project, the FBI is using a combination of appropriations and third-party financing; the energy service company will obtain the financing for the project. This UESC will support the FBI's mission by providing improved energy efficiency, resiliency, and facility infrastructure upgrades that result in reduced energy cost. The FBI assumes the inherent risk of maintaining the asset after the post-acceptance period through its expected useful life as well as the risk that estimated cost savings are not realized. 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, the energy service company assumes added risk given the length of the contracts and incur all financing liabilities in the delivery of performance measures.

Note 24. Public-Private Partnerships (continued)

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

As of September 30, 2026 and 2025

	FY 2026	
	Actual Amount Paid in FY	Estimated Amount to be Paid over Expected Life
ESPC	$ 38,124	$ 406,612
UESC	$ 65,270	$ 85,775
Estimated Total	$ 103,394	$ 492,387

	FY 2025	
	Actual Amount Paid in FY	Estimated Amount to be Paid over Expected Life
ESPC	$ 39,424	$ 444,736
Estimated Total	$ 39,424	$ 444,736

Note 25. Reclassification of Financial Statement Line Items for Financial Report 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 Government-wide 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. 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.

Note 25. Reclassification of Financial Statement Line Items for Financial Report Compilation Process (continued)

For the Year Ended September 30, 2026

FY 2026 Department of Justice Statement of Net Cost		Line Items Used to Prepare FY 2026 Government-Wide Statement of Net Cost			
Financial Statement Line	**Amounts**	**Dedicated Collections Consolidated**	**Other than Dedicated Collections (with Eliminations)**	**Total**	**Reclassified Financial Statement Line**
					Non-Federal Costs
	$ 48,691,193	$ 5,065,065	$ 43,626,128	$ 48,691,193	Non-federal Gross Costs
	$ 48,691,193	**$ 5,065,065**	**$ 43,626,128**	**$ 48,691,193**	**Total Non-federal Costs**
					Intragovernmental Costs
Gross Costs		165,865	4,934,490	5,100,355	Benefit Program Costs
		83,413	2,205,406	2,288,819	Imputed Costs
		883,002	2,895,870	3,778,872	Buy/Sell Costs
		—	132	132	Borrowing and Other Interest Expense
		38,158	991,708	1,029,866	Other Expenses (w/o Reciprocals)
	$ 12,198,044	**$ 1,170,438**	**$ 11,027,606**	**$ 12,198,044**	**Total Intragovernmental Costs**
Total Gross Costs	**$ 60,889,237**	**$ 6,235,503**	**$ 54,653,734**	**$ 60,889,237**	Total Reclassified Gross Costs
					Non-Federal Earned Revenue
	2,341,806	1,688,547	653,259	2,341,806	Non-Federal Earned Revenue
					Intragovernmental Revenue
Earned Revenue		(66,536)	1,476,937	1,410,401	Buy/Sell Revenue
		7,531	18,163	25,694	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
	$ 1,436,095	**$ (59,005)**	**$ 1,495,100**	**$ 1,436,095**	**Total Intragovernmental Earned Revenue**
Total Earned Revenue	**$ 3,777,901**	**$ 1,629,542**	**$ 2,148,359**	**$ 3,777,901**	Total Reclassified Earned Revenue
Net Cost	**$ 57,111,336**	**$ 4,605,961**	**$ 52,505,375**	**$ 57,111,336**	**Net Cost**
Exchange Statement of Custodial Activity					
Exchange Custodial Collections from SCA	15,000	—	15,000	15,000	Non-Federal Earned Revenue
Total Exchange Custodial Collections	15,000	—	15,000	15,000	Total Reclassified Exchange Custodial Collections
					Intragovernmental Earned Revenue
Disposition of Exchange Custodial Collections from SCA	(15,000)	—	(15,000)	(15,000)	Collections for others transferred to the General Fund of the U.S. Government
					Total Intragovernmental Earned Revenue
Total Disposition of Exchange Custodial Collections	—	—	—	—	Total Reclassified Disposition of Custodial Collections

These notes are an integral part of the financial statements.

Note 25. Reclassification of Financial Statement Line Items for Financial Report Compilation Process (continued)

For the Year Ended September 30, 2026

FY 2026 Department of Justice Statement of Changes in Net Position		Line Items Used to Prepare FY 2026 Government-Wide Statement of Changes in Net Position			
Financial Statement Line	**Amounts**	**Dedicated Collections Consolidated**	**Other than Dedicated Collections (with Eliminations)**	**Total**	**Reclassified Financial Statement Line**
Unexpended Appropriations					
Unexpended Appropriations, Beginning Balance	$ 34,192,055	$ 2,437,697	$ 31,754,358	$ 34,192,055	Unexpended Appropriations, Beginning Balance
Appropriations Received	42,224,357	—	42,224,357	42,224,357	Appropriations Received
Other Adjustments	(647,701)	—	(647,701)	(647,701)	Other Adjustments
Appropriations Transferred-In/Out	550,854	3,704	789,495	793,199	Non-Expenditure Transfers-In of Unexpended Appropriations & Financing Sources (Federal)
		—	(242,345)	(242,345)	Non-Expenditure Transfers-Out of Unexpended Appropriations & Financing Sources (Federal)
Appropriations Used	(42,572,264)	—	(42,572,264)	(42,572,264)	Appropriations Used
Total Unexpended Appropriations	**$ 33,747,301**	**$ 2,441,401**	**$ 31,305,900**	**$ 33,747,301**	**Total Unexpended Appropriations**
Cumulative Results of Operations					
Cumulative Results, Beginning Balance	$ 12,120,196	$ 9,028,436	$ 3,091,760	$ 12,120,196	Cumulative Results, Beginning Balance, as adjusted
Changes in Accounting Principles	(185,416)	—	(185,416)	$ (185,416)	Changes in Accounting Principles
Other Adjustments	(578,208)	(368,201)	(210,007)	(578,208)	Collections for others transferred to the General Fund of the U.S. Government (RC 44)
Appropriations Used	42,572,264	—	42,572,264	42,572,264	Appropriations Used
Non-Exchange Revenue	1,328,944				***Non-federal Non-Exchange Revenues***
		936,228	10,332	946,560	Other Taxes and Receipts
					Federal Non-Exchange Revenues
		382,384	—	382,384	Federal securities interest revenue including associated gains and losses (non-exchange) (RC 03) /1
Total Non-Exchange Revenues	*$ 1,328,944*	*$ 1,318,612*	*$ 10,332*	*$ 1,328,944*	*Total Non-Exchange Revenues*
Donations and Forfeitures of Cash and Equivalents	1,071,110	1,071,107	3	1,071,110	Other Taxes and Receipts
Transfers In/Out w/o Reimbursement	620,293	18,468	219,712	238,180	Non-expenditure Transfers-In of Unexpended Appropriations and Financing Sources (RC 08) /1
		(159,176)	128,469	(30,707)	Non-expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (RC 08) /1
		5	412,136	412,141	Expenditure Transfers-In of Financing Sources (RC 09) /1
		2,191	49,877	52,068	Transfers-In without Reimbursement (RC 18) /1
		(4,931)	(46,458)	(51,389)	Transfers-Out without Reimbursement (RC 18) /1
Donations and Forfeitures of Property	1,413,134	1,412,854	280	1,413,134	Other Taxes and Receipts
Imputed Financing	2,288,819	83,413	2,205,406	2,288,819	Imputed financing sources (RC 25) /1
Other	(14,770)	—	(20,294)	(20,294)	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		—	138	138	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
		—	5,386	5,386	Other Taxes and Receipts
Net Cost of Operations	**$ (57,111,336)**	**$ (4,605,961)**	**$ (52,505,375)**	**$ (57,111,336)**	**Net Cost of Operations**
Ending Balance - Cumulative Results of Operations	**$ 3,525,030**	**$ 7,796,817**	**$ (4,271,787)**	**$ 3,525,030**	**Cumulative Results of Operations**
Total Net Position	**$ 37,272,331**	**$ 10,238,218**	**$ 27,034,113**	**$ 37,272,331**	**Net Position**

These notes are an integral part of the financial statements.

Note 25. Reclassification of Financial Statement Line Items for Financial Report Compilation Process (continued)

FY 2026 Department of Justice Statement of Changes in Net Position		Line Items Used to Prepare FY 2026 Government-Wide Statement of Changes in Net Position			
Financial Statement Line	Amounts	Dedicated Collections Consolidated	Other than Dedicated Collections (with Eliminations)	Total	Reclassified Financial Statement Line
		$ —	$ 7,084,047	$ 7,084,047	Other Taxes and Receipts
Non-Exchange Custodial Collections from SCA	$ 4,950,257	—	(2,133,790)	(2,133,790)	Accrual Adjustments
Total Non-Exchange Custodial Revenue	$ 4,950,257	$ —	$ 4,950,257	$ 4,950,257	Net Custodial Revenue
		$ —	$ (508,246)	$ (508,246)	Other Taxes and Receipts
		—	(5,752,883)	(5,752,883)	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government
	$ (4,950,257)	—	(553,187)	(553,187)	Collections Transferred to the General Fund of the U.S. Government
		—	2,046,079	2,046,079	Non-Cash Accrual Adjustment
Disposition of Non-Exchange Custodial Collections from SCA		—	(182,020)	(182,020)	Retained by the Reporting Entity
Total Disposition of Non-Exchange Custodial Collections	$ (4,950,257)	$ —	$ (4,950,257)	$ (4,950,257)	
		—	—	—	*Net Custodial Activity*

These notes are an integral part of the financial statements.

Note 26. Compensation Funds

The Department's Compensation Funds are classified as Other Liabilities, however *OMB 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 16 Other Liabilities. To comply with *SFFAS No. 1, Accounting for Selected Assets and Liabilities*, DOJ considers compensation fund liabilities as current non-exchange liabilities.

Radiation Exposure Compensation Act

On October 15, 1990, Congress enacted the Radiation Exposure Compensation Act (RECA), Pub. L. No. 101-426, establishing a compassionate, non-adversarial program to compensate individuals who developed certain cancers and other compensable diseases resulting from above-ground nuclear testing or uranium industry employment. Regulations published in 1992 created an objective, streamlined claims process. The initial authorization ("RECA 1") covered Downwinders residing in specified counties near the Nevada Test Site, On-Site Participants involved in atmospheric testing activities, and uranium industry workers. RECA 1 was extended and expanded through subsequent legislation, including the RECA Amendments of 2000 and the RECA Extension Act of 2022, before sunsetting on June 10, 2024.

On July 4, 2025, Congress reauthorized and significantly broadened RECA through the One Big Beautiful Bill Act (OBBBA), Pub. L. No. 119-21 ("RECA 2"). This expansion increased award amounts to $100 thousand for Downwinders and On-Site Participants, reduced required exposure durations, broadened eligible exposure years, and expanded Downwinder geographic coverage to include the entire states of Idaho, New Mexico, and Utah. OBBBA also created a new claimant category for individuals living in ZIP codes affected by Manhattan Project waste (MPW), eligible for either a $50 thousand award or reimbursement for documented out-of-pocket medical expenses exceeding $50 thousand if living, and $25 thousand for eligible surviving beneficiaries. Claims may be filed through December 31, 2027, with MPW out-of-pocket (OOP) medical expense documentation accepted through December 31, 2028.

DOJ pays RECA awards for Downwinders, On-Site, and MPW claimants through the RECA Trust Fund, while uranium-related claims continue to be paid by the Department of Labor's Energy Employees Occupational Illness Compensation Fund. As of September 30, 2026, the estimated liability increased to approximately $8.9 billion, compared to $11.1 million as of September 30, 2025—a substantial change directly attributable to OBBBA's expanded eligibility and award levels, in addition, a confluence of factors made it impossible to reliably estimate the liability for the expanded portion of the RECA program in FY 2025. In accordance with *SFFAS 5*, this liability is recognized because it represents a probable and measurable future outflow of resources resulting from past exposure events.

The FY 2026 liability estimate is based on a newly implemented actuarial model designed to reflect the expanded program scope and associated claimant population. The model uses historical claim activity through September 30, 2026, census-based exposure and migration data spanning 1940–1970 for Downwinders and 1940–2020 for MPW populations, and cancer incidence rates to develop

Note 26. Compensation Funds (continued)

Radiation Exposure Compensation Act (continued)

exposure-driven claim filing projections. The expanded Downwinder population includes approximately 3.66 million newly eligible individuals, while MPW populations encompass an estimated 1.84 million potential filers. Claim filing assumptions incorporate historical patterns and behavioral "deadline effects," under which approximately 32 percent of claims are expected to be filed during the final three months of the filing period, consistent with observed pre-sunset filing behavior under RECA 1.

The FY 2026 portion of the liability is based on actual approval data, where as the liability associated with future years is based on approval rate assumptions which use long-term historical results: 91 percent for Downwinders, 73 percent for On-Site Participants, and tiered rates for MPW claimants depending on receipts of medical documentation, with 80 percent approved for full reimbursement for OOP expenses exceeding $50 thousand and 90 percent approval for individuals with OOP costs below $50 thousand or eligible surviving beneficiaries. Award values reflect statutory lump-sum payments, with MPW average award values estimated at approximately $45 thousand.

Adjudication timing aligns with DOJ operational expectations that approximately 50 percent of claims will be adjudicated in FY 2027, 70 percent in FY 2028, and the remainder by FY 2029, with MPW claim payments potentially extending into FY 2030 due to statutory documentation allowances. Under Section 6(d)(1) of RECA, determinations must be made within one year of application filing unless additional evidence is required. The model is reassessed quarterly to integrate updated claim patterns, operational capacity, incidence data, and demographic statistics. Liabilities are discounted at rates between 3.30 and 3.45 percent based on Treasury yield curves in accordance with OMB Circular A-94, *Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analysis.*

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 *SFFAS No.5, Accounting for Liabilities of the Federal Government.* As of September 30, 2026 and

Note 26. Compensation Funds (continued)

September 11th Victim Compensation Fund (continued)

2025, DOJ recognized liabilities of $4.3 billion and $3.8 billion, respectively, for estimated future benefits payable by the Department.

In accordance with *SFFAS No. 5,* the September 30, 2026, liability is based on unreported amounts due or estimated amount of claimants that will meet the eligibility criteria submitted by September 30, 2026. 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, 2026, 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.
- 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 USVSSTF to provide compensation to individuals harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSSTF 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 *USVSST Act* mandates that certain forfeiture proceeds, penalties, and fines be deposited into the USVSSTF if forfeited or paid to the United States after the date of the Act's enactment, December

Note 26. Compensation Funds (continued)

United States Victims of State Sponsored Terrorism Fund (continued)

18, 2015. The forfeiture proceeds, penalties, and fines qualify for deposit in the USVSSTF 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.

The *Fairness for 9/11 Families Act*, enacted by Congress on December 29, 2022*, Fairness Act, Public Law 117-328* required the Comptroller General of the United States to conduct an audit to determine proposed lump sum catch-up payments to certain 1983 Beirut Barracks bombing victims and certain 1996 Khobar Towers bombing victims. *The Fairness Act* also established a "lump sum catch-up payment reserve fund" within the USVSSTF and appropriated $3.0 billion to that reserve fund to make these catch-up payments. Following the calculation and issuance of those catch-up payments, the remaining balance of the Beirut Barracks / Khobar Towers reserve fund was subsequently terminated and liquidated into the general USVSSTF fund. This liquidation provided critical capital to support the $2.8 billion sixth round distribution executed on January 5, 2026.

As of September 30, 2026 and 2025, the USVSSTF recognized liabilities for future claims to be $0.6 billion and $3.1 billion, respectively.

Note 27. Changes in Accounting Principles

In FY 2026, the Department adopted *SFFAS 59*, *Accounting and Reporting of Government Land.* This standard alters the accounting presentation of federal land holdings. Previously, DOJ capitalized PP&E land and permanent land rights on the Balance Sheet at historical cost.

Pursuant to *SFFAS 59* and FASAB Technical Bulletin 2025-1, land is now considered as non-capitalized assets and reported by estimated acreage in Note 9, Property, Plant and Equipment, Net. The change in accounting principle reduced PP&E by $185,416, and all future acquisitions of land and permanent land rights will be expensed when incurred.

Note 28. Subsequent Events

On October 7, 2026, the U.S. District Court for the District of Columbia ruled in Englehardt v. Blanche that corporate criminal recoveries from certain sanctions violations must be allocated to the USVSSTF rather than retained in other federal accounts. Management has determined that $644.4 million is currently eligible for transfer to the USVSSTF, comprising $4 million from Treasury and $640.4 million from multiple DOJ accounts; Seized Asset Deposit Fund $189.5 million; Crime Victims Fund $445.7 million; Debt Collection Management Fund $5.2 million. Because the evaluation of additional subject assets, administrative reallocation schedules, and the precise timing of custodial cash transfers remain under review, the total financial impact of this ruling cannot be reasonably estimated at this time.

Required Supplementary Information (Unaudited)

See Independent Auditors' Report

Deferred Maintenance and Repairs

In accordance with *SFFAS No. 42*, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32,* the Department is required to measure and report Deferred Maintenance and Repairs (DM&R). Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. General maintenance activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset to an acceptable level.

The Department and its components primarily utilize condition assessment surveys from industry professionals to measure maintenance and repairs necessary to keep fixed assets operating at acceptable levels. Also, computerized systems are used to report and monitor maintenance and repair needs as well as importance. Mission critical assets and non-capitalized property are those having significant impact to the health and safety of DOJ involved individuals, or assets and non-capitalized property critical to performing the mission of DOJ. Such items undergo routine assessments and maintenance schedules. Generally, necessary maintenance and repairs are not deferred for critical items. Due to the varying degrees *SFFAS 42* applies to components, DOJ allows for components to independently rank, prioritize, and determine acceptable condition standards based on impact to mission, location, importance, and type. When considering DM&R, DOJ and its components only consider capitalized PP&E regardless of the depreciation status.

However, certain asset types are specifically excluded from the DM&R assessment such as construction in progress (CIP), leasehold improvements, and internal use software (IUS). CIP refers to on-going construction where any maintenance and repairs is remediated through the construction process; and therefore, is excluded from the DM&R assessments. Leasehold improvements are improvements to non-DOJ owned assets and are amortized over the lease term. Leasehold improvements occur when modifications to leased spaces are required to accommodate operational activities in achievement of mission objectives. If additional modifications are necessary, it is either a capital improvement, which is specifically omitted from *SFFAS 42*, or expensed and therefore excluded from the DM&R assessment. IUS refers to purchased software that has been internally developed to meet critical operational needs. IUS is serviced through help desk initiatives and undergoes routine scheduled assessments. Maintenance and repairs are not deferred and therefore IUS is excluded from the DM&R assessment.

In FY 2026, the Department issued a data call to components to assess the department-wide DM&R. Based on the PP&E portfolio of the DOJ, other than BOP, the remaining components do not have a G-PP&E portfolio with significant DM&R.

Deferred Maintenance and Repairs (continued)

With over 119 institutions, totaling over 64 million square feet, encompassing 43,986 acres, the BOP is unlike other DOJ components. The BOP is solely responsible for managing and maintaining their aging infrastructure. Approximately 66 percent of BOP's prison facilities are over 30 years old, and approximately 34 percent over 50 years old. Prison facilities are subject to greater than normal wear and tear as they are continuously operated. Older facilities tend to require repairs to infrastructure systems pertaining to water, sewer, electrical, HVAC, alarm systems, fences, roofs, etc. These older facilities present potentially higher needs for repair and renovation than newer facilities and consume a large portion of the BOP's maintenance and repair (M&R) resources to maintain facilities in an acceptable condition. BOP expects capital improvements are necessary in the near term to keep their aging facilities operational. In FY 2026, the BOP completed its review and analysis of a comprehensive survey of its building and facilities inventory that was delivered at the end of FY2025.

Based on the analysis of the survey's results, BOP developed a comprehensive DM&R control guide to calculate unfunded DM&R, funded DM&R and the Facility Condition Index (FCI) for all institutions. BOP's initial focus was on centrally funded projects greater than $300K across its portfolio.

The BOP measures acceptable PP&E condition standards based on their DM&R control guide. Institution having a FCI code of 0.9 or above represents a condition standard of "good" or acceptable. A condition code of 0.8 or above, represents a "fair" condition code. The BOP calculated an average FCI code of 0.97, indicating institutions are in good or acceptable conditions. Three institutions were the exception, with an FCI code of below 0.8.

In FY 2027, BOP plans to complete the analysis of all projects under $300K that are funded at the institution level to provide a comprehensive picture of funded and unfunded DM&R across its portfolio. While BOP acknowledges the existence of DM&R, an estimate based on the survey was not available at the time of this report.

U.S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2026

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 21)	$ 3,506,825	$ 149,521	$ 6,413,294	$ 506,299	$ 2,436,906	$ 229,784	$ 9,569,130	$ 6,606,409	$ 328,152	$ 29,746,320
Appropriations (discretionary and mandatory)	2,178,526	1,585,389	8,371,572	3,272,418	10,641,683	—	14,157,787	4,899,649	4,706,735	49,813,759
Spending Authority from Offsetting Collections (discretionary and mandatory)	19,354	54,851	511,185	56,238	1,552,247	810,590	3,387,914	395,580	99,712	6,887,671
Total Budgetary Resources	**$ 5,704,705**	**$ 1,789,761**	**$15,296,051**	**$ 3,834,955**	**$14,630,836**	**$ 1,040,374**	**$27,114,831**	**$11,901,638**	**$ 5,134,599**	**$ 86,447,750**
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 2,864,617	$ 1,705,918	$10,574,851	$ 3,359,263	$12,567,449	$ 782,570	$19,270,081	$ 4,334,238	$ 4,896,305	$ 60,355,292
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	2,840,088	70,247	4,419,244	373,839	1,642,679	—	7,347,183	7,519,436	179,963	24,392,679
Exempt from Apportionment, Unexpired Accounts	—	—	18,131	—	—	257,804	—	—	—	275,935
Unapportioned, Unexpired Accounts	—	3,929	—	19,495	272	—	199,869	47,834	12,101	283,500
Unexpired, Unobligated Balance, End of Year	2,840,088	74,176	4,437,375	393,334	1,642,951	257,804	7,547,052	7,567,270	192,064	24,952,114
Expired Unobligated Balance, End of Year	—	9,667	283,825	82,358	420,436	—	297,698	130	46,230	1,140,344
Unobligated Balance - End of Year (Total)	2,840,088	83,843	4,721,200	475,692	2,063,387	257,804	7,844,750	7,567,400	238,294	26,092,458
Total Status of Budgetary Resources	**$ 5,704,705**	**$ 1,789,761**	**$15,296,051**	**$ 3,834,955**	**$14,630,836**	**$ 1,040,374**	**$27,114,831**	**$11,901,638**	**$ 5,134,599**	**$ 86,447,750**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,501,333	$ 1,617,999	$ 8,868,172	$ 3,197,209	$10,722,640	$ (126,250)	$14,779,897	$ 3,932,316	$ 4,646,241	$ 50,139,557
Less: Distributed Offsetting Receipts	354,670	132	1,280	665,073	(288)	—	2,500,615	—	1,198	3,522,680
Agency Outlays, Net (discretionary and mandatory)	**$ 2,146,663**	**$ 1,617,867**	**$ 8,866,892**	**$ 2,532,136**	**$10,722,928**	**$ (126,250)**	**$12,279,282**	**$ 3,932,316**	**$ 4,645,043**	**$ 46,616,877**

U.S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2025

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 21)	$ 3,098,558	$ 195,917	$ 1,465,155	$ 490,888	$ 2,661,786	$ 191,997	$ 7,028,649	$ 1,693,640	$ 254,902	$ 17,081,492
Appropriations (discretionary and mandatory)	2,044,985	1,787,704	13,628,956	3,616,713	11,109,378	—	12,416,039	8,129,820	4,882,329	57,615,924
Spending Authority from Offsetting Collections (discretionary and mandatory)	30,712	60,800	440,972	41,119	1,232,242	550,462	2,721,667	315,433	96,077	5,489,484
Total Budgetary Resources	**$ 5,174,255**	**$ 2,044,421**	**$15,535,083**	**$ 4,148,720**	**$15,003,406**	**$ 742,459**	**$22,166,355**	**$10,138,893**	**$ 5,233,308**	**$ 80,186,900**
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 1,741,461	$ 1,765,383	$ 9,303,505	$ 3,427,428	$12,375,998	$ 512,675	$14,630,122	$ 3,663,801	$ 4,722,316	$ 52,142,689
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	2,606,608	263,659	5,774,110	641,830	2,101,175	—	7,032,937	6,414,163	457,186	25,291,668
Exempt from Apportionment, Unexpired Accounts	—	—	140,849	—	—	229,784	—	—	—	370,633
Unapportioned, Unexpired Accounts	826,186	5,629	—	5,347	36,318	—	260,081	60,799	1,943	1,196,303
Unexpired, Unobligated Balance, End of Year	3,432,794	269,288	5,914,959	647,177	2,137,493	229,784	7,293,018	6,474,962	459,129	26,858,604
Expired Unobligated Balance, End of Year	—	9,750	316,619	74,115	489,915	—	243,215	130	51,863	1,185,607
Unobligated Balance - End of Year (Total)	3,432,794	279,038	6,231,578	721,292	2,627,408	229,784	7,536,233	6,475,092	510,992	28,044,211
Total Status of Budgetary Resources	**$ 5,174,255**	**$ 2,044,421**	**$15,535,083**	**$ 4,148,720**	**$15,003,406**	**$ 742,459**	**$22,166,355**	**$10,138,893**	**$ 5,233,308**	**$ 80,186,900**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 1,701,258	$ 1,737,466	$ 9,124,023	$ 3,230,615	$11,172,603	$ 10,190	$11,500,259	$ 4,918,656	$ 4,630,545	$ 48,025,615
Less: Distributed Offsetting Receipts	373,969	232	13,819	632,777	99	—	775,273	—	1,566	1,797,735
Agency Outlays, Net (discretionary and mandatory)	**$ 1,327,289**	**$ 1,737,234**	**$ 9,110,204**	**$ 2,597,838**	**$11,172,504**	**$ 10,190**	**$10,724,986**	**$ 4,918,656**	**$ 4,628,979**	**$ 46,227,880**



SECTION III:
OTHER INFORMATION *(Unaudited)*

Situated on the fifth floor of the RFK building, Louis Bouche's mural series, Activities of the Department of Justice, illustrates how the principles of law and justice are upheld by the Department

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Overview

Other information accompanies basic information and required supplementary information, but is not required by a GAAP establishing body. This information may enhance understanding of the Department's operations and financial condition. In addition, while other information is not required by a GAAP establishing body, it may be required laws or administrative directives.

U.S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2026

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Assets (Note 2)											
Intragovernmental Assets:											
Fund Balance with Treasury (Note 3)	$ 2,708,669	$ 403,705	$ 6,526,602	$ 1,275,270	$ 5,264,382	$ 13,402	$ 12,609,862	$ 19,033,898	$ 1,168,100	$ —	$ 49,003,890
Investments (Note 5)	2,855,171	—	—	—	—	510,700	572,188	—	—	—	3,938,059
Accounts Receivable, Net (Note 6)	7,816	23,356	14,106	5,266	389,751	16,972	266,329	1,936	13,216	(277,675)	461,073
Advances and Prepayments	519	17,960	51,648	47,277	29,202	—	230,252	153,831	1,615	(182,012)	350,292
Other Assets (Note 10)	—	416	—	—	—	16,339	—	—	—	—	16,755
Total Intragovernmental Assets	$ 5,572,175	$ 445,437	$ 6,592,356	$ 1,327,813	$ 5,683,335	$ 557,413	$ 13,678,631	$ 19,189,665	$ 1,182,931	$ (459,687)	$ 53,770,069
Other than Intragovernmental Assets:											
Cash and Other Monetary Assets (Note 4)	$ 4,117,688	$ 13,258	$ 510	$ 15,699	$ 151,543	$ —	$ 152	$ —	$ —		$ 4,298,850
Accounts Receivable, Net (Note 6)	49,262	599	30,708	4,811	48,682	6,000	7,425,927	966	2,417		7,569,372
Inventory and Related Property, Net:											
Forfeited Property, Net (Note 8)	438,412	—	—	—	—	—	—	—	—		438,412
Other Inventory and Related Property, Net (Note 7)	—	—	27,437	12,264	—	90,675	—	—	6,761		137,137
Property, Plant and Equipment, Net (Note 9)	12,629	255,357	3,238,939	398,179	3,875,515	65,641	138,491	30,993	620,332		8,636,076
Advances and Prepayments	8,591	5,056	20,201	16,793	228,679	1,668	139,701	189,985	2,153		612,827
Other Assets (Note 10)	1	—	—	—	1	2,114	1	—	184		2,301
Total Other than Intragovernmental Assets	$ 4,626,583	$ 274,270	$ 3,317,795	$ 447,746	$ 4,304,420	$ 166,098	$ 7,704,272	$ 221,944	$ 631,847		$ 21,694,975
Total Assets	**$ 10,198,758**	**$ 719,707**	**$ 9,910,151**	**$ 1,775,559**	**$ 9,987,755**	**$ 723,511**	**$ 21,382,903**	**$ 19,411,609**	**$ 1,814,778**	**$ (459,687)**	**$ 75,465,044**
Liabilities (Note 11)											
Intragovernmental Liabilities:											
Accounts Payable	$ 78,747	$ 15,840	$ 149,768	$ 59,363	$ 99,740	$ 2,136	$ 153,926	$ 58,615	$ 39,850	$ (277,675)	$ 380,310
Advances from Others and Deferred Revenue	—	—	—	7,209	116,558	214,908	221,538	104,362	—	(182,012)	482,563
Other Liabilities:											
Custodial Liabilities (Note 22)	—	—	—	4,584	18,504	—	7,435,837	—	28		7,458,953
Other (Note 16)	2,989	38,612	296,142	41,917	108,505	3,486	43,365	1,047	38,537		574,600
Total Intragovernmental Liabilities	$ 81,736	$ 54,452	$ 445,910	$ 113,073	$ 343,307	$ 220,530	$ 7,854,666	$ 164,024	$ 78,415	$ (459,687)	$ 8,896,426
Other than Intragovernmental Liabilities:											
Accounts Payable	$ 546,584	$ 36,433	$ 547,574	$ 113,798	$ 368,906	$ 52,669	$ 527,086	$ 154,105	$ 414,090		$ 2,761,245
Federal Employee Salary, Leave and Benefits (Note 15)	4,852	86,029	349,347	167,033	544,353	10,086	247,160	13,595	76,033		1,498,488
Post-Employment Benefits (Note 15)	—	126,469	1,005,469	109,875	200,578	15,410	39,366	161	113,742		1,611,070
Environmental and Disposal Liabilities (Note 12)	—	—	87,182	—	5,073	—	—	—	—		92,255
Advances from Others and Deferred Revenue	438,412	—	—	972,405	6,740	107	—	—	—		1,417,664
Other Liabilities:											
Accrued Grant Liabilities	—	—	—	—	—	—	232,851	564,968	—		797,819
Seized Cash and Monetary Instruments (Note 14)	5,743,041	4,286	—	569	55,502	—	—	—	—		5,803,398
Radiation Exposure Compensation Act Liabilities (Note 26)	—	—	—	—	—	—	8,924,438	—	—		8,924,438
September 11th Victim Compensation Fund Liabilities (Note 26)	—	—	—	—	—	—	4,321,403	—	—		4,321,403
United States Victims of State Sponsored Terrorism Act Liabilities (Note 26)	—	—	—	—	—	—	601,280	—	—		601,280
Lessee Lease Liability (Note 13)	—	58,298	3,274	111,967	214,282	32	35,859	—	17,011		440,723
Other (Note 16)	12	2,423	550,128	14,767	63,002	—	386,921	—	9,251		1,026,504
Total Other than Intragovernmental Liabilities	$ 6,732,901	$ 313,938	$ 2,542,974	$ 1,490,414	$ 1,458,436	$ 78,304	$ 15,316,364	$ 732,829	$ 630,127	$ —	$ 29,296,287
Total Liabilities	**$ 6,814,637**	**$ 368,390**	**$ 2,988,884**	**$ 1,603,487**	**$ 1,801,743**	**$ 298,834**	**$ 23,171,030**	**$ 896,853**	**$ 708,542**	**$ (459,687)**	**$ 38,192,713**
Commitments and Contingencies (Note 17)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 18)	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,441,401	$ —	$ —		$ 2,441,401
Unexpended Appropriations - Funds from other than Dedicated Collections	—	314,290	5,629,434	667,268	4,306,987	—	7,924,746	11,843,948	619,227		31,305,900
Total Unexpended Appropriations	$ —	$ 314,290	$ 5,629,434	$ 667,268	$ 4,306,987	$ —	$ 10,366,147	$ 11,843,948	$ 619,227		$ 33,747,301
Cumulative Results of Operations - Funds from Dedicated Collections (Note 18)	3,384,121	—	67,495	(604,975)	—	—	(1,655,778)	6,605,954	—		7,796,817
Cumulative Results of Operations - Funds from other than Dedicated Collections	—	37,027	1,224,338	109,779	3,879,025	424,677	(10,498,496)	64,854	487,009		(4,271,787)
Total Cumulative Results of Operations	**$ 3,384,121**	**$ 37,027**	**$ 1,291,833**	**$ (495,196)**	**$ 3,879,025**	**$ 424,677**	**$ (12,154,274)**	**$ 6,670,808**	**$ 487,009**		**$ 3,525,030**
Total Net Position	**$ 3,384,121**	**$ 351,317**	**$ 6,921,267**	**$ 172,072**	**$ 8,186,012**	**$ 424,677**	**$ (1,788,127)**	**$ 18,514,756**	**$ 1,106,236**		**$ 37,272,331**
Total Liabilities and Net Position	**$ 10,198,758**	**$ 719,707**	**$ 9,910,151**	**$ 1,775,559**	**$ 9,987,755**	**$ 723,511**	**$ 21,382,903**	**$ 19,411,609**	**$ 1,814,778**	**$ (459,687)**	**$ 75,465,044**

U.S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2025

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Assets (Note 2)											
Intragovernmental Assets:											
Fund Balance with Treasury (Note 3)	$ 3,123,427	$ 600,070	$ 7,197,907	$ 1,563,908	$ 5,784,464	$ 23,613	$ 9,259,119	$ 19,165,847	$ 1,368,382	$ —	$ 48,086,737
Investments (Note 5)	2,751,700	—	—	—	—	374,812	3,121,360	—	—	—	6,247,872
Accounts Receivable, Net (Note 6)	11,586	24,463	14,111	5,633	388,886	33,042	286,567	6,747	10,103	(318,546)	462,592
Advances and Prepayments	564	211	97,560	41,760	15,581	—	10,550	96,147	1,631	(3,787)	260,217
Other Assets (Note 10)	—	520	—	—	—	29,555	—	—	—	—	30,075
Total Intragovernmental Assets	$ 5,887,277	$ 625,264	$ 7,309,578	$ 1,611,301	$ 6,188,931	$ 461,022	$ 12,677,596	$ 19,268,741	$ 1,380,116	$ (322,333)	$ 55,087,493
Other than Intragovernmental Assets:											
Cash and Other Monetary Assets (Note 4)	2,984,044	13,644	491	16,981	153,163	—	124	—	—		3,168,447
Accounts Receivable, Net (Note 6)	9	767	24,612	3,433	41,335	5,642	9,558,187	996	361		9,635,342
Inventory and Related Property, Net:											
Forfeited Property, Net (Note 8)	459,609	—	—	—	—	—	—	—	—		459,609
Other Inventory and Related Property, Net (Note 7)	—	—	22,292	13,593	—	78,155	—	—	7,995		122,035
Property, Plant and Equipment, Net (Note 9)	722	219,811	3,587,178	437,859	3,646,325	69,973	154,243	47,833	630,238		8,794,182
Advances and Prepayments	2,104	4,070	11,981	5,125	188,376	970	148,466	277,154	4,039		642,285
Other Assets (Note 10)	1	—	—	—	2	74	—	—	184		261
Total Other than Intragovernmental Assets	$ 3,446,489	$ 238,292	$ 3,646,554	$ 476,991	$ 4,029,201	$ 154,814	$ 9,861,020	$ 325,983	$ 642,817		$ 22,822,161
Total Assets	**$ 9,333,766**	**$ 863,556**	**$ 10,956,132**	**$ 2,088,292**	**$ 10,218,132**	**$ 615,836**	**$ 22,538,616**	**$ 19,594,724**	**$ 2,022,933**	**$ (322,333)**	**$ 77,909,654**
Liabilities (Note 11)											
Intragovernmental Liabilities:											
Accounts Payable	50,996	20,416	82,264	118,092	99,278	3,945	187,508	53,527	45,803	(318,546)	343,283
Advances from Others and Deferred Revenue	—	—	—	—	13,986	148,866	36,658	130	—	(3,787)	195,853
Other Liabilities:											
Custodial Liabilities (Note 22)	$ —	$ —	$ —	$ 3,219	$ 12,823	$ —	$ 9,634,106	$ —	$ 24		$ 9,650,172
Other (Note 16)	$ 1,834	$ 37,383	$ 281,131	$ 40,815	$ 102,454	$ 3,926	$ 44,564	$ 1,102	$ 35,903		$ 549,112
Total Intragovernmental Liabilities	$ 52,830	$ 57,799	$ 363,395	$ 162,126	$ 228,541	$ 156,737	$ 9,902,836	$ 54,759	$ 81,730	$ (322,333)	$ 10,738,420
Other than Intragovernmental Liabilities:											
Accounts Payable	508,559	33,527	368,544	92,462	429,840	35,811	373,466	113,507	392,209		2,347,925
Federal Employee Salary, Leave, and Benefits (Note 15)	4,650	93,820	321,799	154,141	525,931	8,825	307,000	15,730	74,202		1,506,098
Pensions, Post-Employment Benefits (Note 15)	—	130,191	1,060,518	122,593	229,819	15,773	63,541	173	119,831		1,742,439
Environmental and Disposal Liabilities (Note 12)	—	—	85,079	—	5,024	—	—	—	—		90,103
Advances from Others and Deferred Revenue	459,609	—	—	917,583	5,618	—	—	—	—		1,382,810
Other Liabilities:											
Accrued Grant Liabilities	—	—	—	—	—	—	270,057	624,285	—		894,342
Seized Cash and Monetary Instruments (Note 14)	4,545,109	4,568	—	561	57,305	—	—	—	—		4,607,543
Radiation Exposure Compensation Act Liabilities (Note 26)	—	—	—	—	—	—	11,078	—	—		11,078
September 11th Victim Compensation Fund Liabilities (Note 26)	—	—	—	—	—	—	3,772,393	—	—		3,772,393
United States Victims of State Sponsored Terrorism Act Liabilities (Note 26)	—	—	—	—	—	—	3,136,216	—	—		3,136,216
Lessee Lease Liability (Note 13)	$ —	$ 23,876	$ 3,142	$ 122,671	$ 210,562	$ 127	$ 39,265	$ —	$ 25,358		$ 425,001
Other (Note 16)	$ 19	$ 2,447	$ 591,968	$ 20,413	$ 63,228	$ —	$ 243,173	$ —	$ 21,787		$ 943,035
Total Other than Intragovernmental Liabilities	$ 5,517,946	$ 288,429	$ 2,431,050	$ 1,430,424	$ 1,527,327	$ 60,536	$ 8,216,189	$ 753,695	$ 633,387	$ —	$ 20,858,983
Total Liabilities	$ 5,570,776	$ 346,228	$ 2,794,445	$ 1,592,550	$ 1,755,868	$ 217,273	$ 18,119,025	$ 808,454	$ 715,117	$ (322,333)	$ 31,597,403
Commitment and Contingencies (Note 17)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 18)	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,437,697	$ —	$ —		$ 2,437,697
Unexpended Appropriations - Funds from other than Dedicated Collections	—	470,078	6,467,963	973,466	4,804,870	—	7,042,590	11,107,476	887,915		31,754,358
Total Unexpended Appropriations	$ —	$ 470,078	$ 6,467,963	$ 973,466	$ 4,804,870	$ —	$ 9,480,287	$ 11,107,476	$ 887,915		$ 34,192,055
Cumulative Results of Operations - Funds from Dedicated Collections (Note 18)	3,762,990	—	177,194	(606,079)	—	—	(1,912,529)	7,606,860	—		9,028,436
Cumulative Results of Operations - Funds from other than Dedicated Collections	—	47,250	1,516,530	128,355	3,657,394	398,563	(3,148,167)	71,934	419,901		3,091,760
Total Cumulative Results of Operations	**$ 3,762,990**	**$ 47,250**	**$ 1,693,724**	**$ (477,724)**	**$ 3,657,394**	**$ 398,563**	**$ (5,060,696)**	**$ 7,678,794**	**$ 419,901**		**$ 12,120,196**
Total Net Position	**$ 3,762,990**	**$ 517,328**	**$ 8,161,687**	**$ 495,742**	**$ 8,462,264**	**$ 398,563**	**$ 4,419,591**	**$ 18,786,270**	**$ 1,307,816**		**$ 46,312,251**
Total Liabilities and Net Position	**$ 9,333,766**	**$ 863,556**	**$ 10,956,132**	**$ 2,088,292**	**$ 10,218,132**	**$ 615,836**	**$ 22,538,616**	**$ 19,594,724**	**$ 2,022,933**	**$ (322,333)**	**$ 77,909,654**

U.S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2026

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated (Note 19)
Major Program 1: Law Enforcement											
Gross Cost	$ 2,607,820	$ 1,754,512	$ —	$ 3,434,299	$ 12,560,482	$ —	$ 1,069,243	$ —	$ 2,602,489	$ (937,949)	$ 23,090,896
Less: Earned Revenues	19,719	57,336	—	657,444	1,169,514	—	162,530	—	37,903	(515,874)	1,588,572
Subtotal Net Cost of Operations (Note 19)	$ 2,588,101	$ 1,697,176	$ —	$ 2,776,855	$ 11,390,968	$ —	$ 906,713	$ —	$ 2,564,586	$ (422,075)	$ 21,502,324
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 16,742,046	$ —	$ —	$ (29,289)	$ 16,712,757
Less: Earned Revenues	—	—	—	—	—	—	614,979	—	—	(41,961)	573,018
Subtotal Net Cost of Operations (Note 19)	$ —	$ —	$ —	$ —	$ —	$ —	$ 16,127,067	$ —	$ —	$ 12,672	$ 16,139,739
Major Program 3: Prisons and Detention											
Gross Cost	$ —	$ —	$ 10,485,503	$ —	$ —	$ 543,543	$ 7,708	$ —	$ 2,220,626	$ (355,194)	$ 12,902,186
Less: Earned Revenues	—	—	489,669	—	—	541,410	—	—	449	(40,792)	990,736
Subtotal Net Cost of Operations (Note 19)	$ —	$ —	$ 9,995,834	$ —	$ —	$ 2,133	$ 7,708	$ —	$ 2,220,177	$ (314,402)	$ 11,911,450
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,024,784	$ 4,125,818	$ —	$ (114,871)	$ 5,035,731
Less: Earned Revenues	—	—	—	—	—	—	8,000	31,872	—	(31,341)	8,531
Subtotal Net Cost of Operations (Note 19)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,016,784	$ 4,093,946	$ —	$ (83,530)	$ 5,027,200
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,164,600	$ —	$ —	$ (16,933)	$ 3,147,667
Less: Earned Revenues	—	—	—	—	—	—	1,427,050	—	—	(810,006)	617,044
Subtotal Net Cost of Operations (Note 19)	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,737,550	$ —	$ —	$ 793,073	$ 2,530,623
Net Cost of Operations	$ 2,588,101	$ 1,697,176	$ 9,995,834	$ 2,776,855	$ 11,390,968	$ 2,133	$ 19,795,822	$ 4,093,946	$ 4,784,763	$ (14,262)	$ 57,111,336

U.S Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2025

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated (Note 19)
Major Program 1: Law Enforcement											
Gross Cost	$ 1,664,597	$ 1,909,515	$ —	$ 3,460,659	$ 13,110,616	$ —	$ 534,276	$ —	$ 2,621,759	$ (795,619)	$ 22,505,803
Less: Earned Revenues	17,070	56,080	—	620,937	1,112,041	—	(135)	—	50,094	(356,884)	1,499,203
Net Cost of Operations	$ 1,647,527	$ 1,853,435	$ —	$ 2,839,722	$ 11,998,575	$ —	$ 534,411	$ —	$ 2,571,665	$ (438,735)	$ 21,006,600
Major Program 2: Litigation and Compensation											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 7,938,174	$ —	$ —	$ (28,149)	$ 7,910,025
Less: Earned Revenues	—	—	—	—	—	—	478,459	—	—	(47,935)	430,524
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 7,459,715	$ —	$ —	$ 19,786	$ 7,479,501
Major Program 3: Prisons and Detention											
Gross Cost	$ —	$ —	$ 10,363,772	$ —	$ —	$ 591,130	$ 7,939	$ —	$ 2,186,287	$ (325,309)	$ 12,823,819
Less: Earned Revenues	—	—	416,825	—	—	576,005	—	—	551	(43,597)	949,784
Net Cost of Operations	$ —	$ —	$ 9,946,947	$ —	$ —	$ 15,125	$ 7,939	$ —	$ 2,185,736	$ (281,712)	$ 11,874,035
Major Program 4: Grants											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,192,426	$ 5,008,147	$ —	$ (115,360)	$ 6,085,213
Less: Earned Revenues	—	—	—	—	—	—	2,254	24,990	—	(16,668)	10,576
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,190,172	$ 4,983,157	$ —	$ (98,692)	$ 6,074,637
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,354,778	$ —	$ —	$ (23,163)	$ 3,331,615
Less: Earned Revenues	—	—	—	—	—	—	1,346,154	—	—	(808,907)	537,247
Net Cost of Operations	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,008,624	$ —	$ —	$ 785,744	$ 2,794,368
Net Cost of Operations	$ 1,647,527	$ 1,853,435	$ 9,946,947	$ 2,839,722	$ 11,998,575	$ 15,125	$ 11,200,861	$ 4,983,157	$ 4,757,401	$ (13,609)	$ 49,229,141

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2026

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,437,697**	**$ —**	**$ —**		**$ 2,437,697**
Funds from other than Dedicated Collections	**$ —**	**$ 470,078**	**$ 6,467,963**	**$ 973,466**	**$ 4,804,870**	**$ —**	**$ 7,042,590**	**$11,107,476**	**$ 887,915**	**$ —**	**$ 31,754,358**
Appropriations Received											
Funds from other than Dedicated Collections	$ —	$ 1,422,579	$ 8,379,762	$ 2,213,091	$ 10,229,435	$ —	$ 12,992,900	$ 3,277,800	$ 3,708,790		$ 42,224,357
Appropriations Transferred-In/Out											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,704	$ —	$ —		$ 3,704
Funds from other than Dedicated Collections	$ —	$ (883)	$ (172,261)	$ 29,235	$ (15,840)	$ —	$ (8,272)	$ (21,730)	$ 736,901		$ 547,150
Other Adjustments											
Funds from other than Dedicated Collections	$ —	$ (105)	$ —	$ (101)	$ (105)	$ —	$ (361,123)	$ (286,170)	$ (97)		$ (647,701)
Appropriations Used											
Funds from other than Dedicated Collections	$ —	$(1,577,379)	$(9,046,030)	$(2,548,423)	$(10,711,373)	$ —	$ (11,741,349)	$(2,233,428)	$(4,714,282)		$ (42,572,264)
Net Change in Unexpended Appropriations											
Funds from Dedicated Collections	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 3,704**	**$ —**	**$ —**		**$ 3,704**
Funds from other than Dedicated Collections	**$ —**	**$ (155,788)**	**$ (838,529)**	**$ (306,198)**	**$ (497,883)**	**$ —**	**$ 882,156**	**$ 736,472**	**$ (268,688)**		**$ (448,458)**
Total Unexpended Appropriations: Ending											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,441,401	$ —	$ —		$ 2,441,401
Funds from other than Dedicated Collections	$ —	$ 314,290	$ 5,629,434	$ 667,268	$ 4,306,987	$ —	$ 7,924,746	$11,843,948	$ 619,227	$ —	$ 31,305,900
Total All Funds	**$ —**	**$ 314,290**	**$ 5,629,434**	**$ 667,268**	**$ 4,306,987**	**$ —**	**$ 10,366,147**	**$11,843,948**	**$ 619,227**	**$ —**	**$ 33,747,301**

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2026 (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	**$ 3,762,990**	**$ —**	**$ 177,194**	**$ (606,079)**	**$ —**	**$ —**	**$ (1,912,529)**	**$ 7,606,860**	**$ —**		**$ 9,028,436**
Funds from other than Dedicated Collections	**$ —**	**$ 47,250**	**$ 1,516,530**	**$ 128,355**	**$ 3,657,394**	**$398,563**	**$ (3,148,167)**	**$ 71,934**	**$ 419,901**	**$ —**	**$ 3,091,760**
Adjustments:											
Changes in Accounting Principles											
Funds from other than Dedicated Collections	$ —	$ (3,200)	$ (172,532)	$ (2,425)	$ (7,259)	$ —	$ —	$ —	$ —		$ (185,416)
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**$ 3,762,990**	**$ —**	**$ 177,194**	**$ (606,079)**	**$ —**	**$ —**	**$ (1,912,529)**	**$ 7,606,860**	**$ —**		**$ 9,028,436**
Funds from other than Dedicated Collections	**$ —**	**$ 44,050**	**$ 1,343,998**	**$ 125,930**	**$ 3,650,135**	**$398,563**	**$ (3,148,167)**	**$ 71,934**	**$ 419,901**	**$ —**	**$ 2,906,344**
Other Adjustments											
Funds from Dedicated Collections	$ (368,201)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —		$ (368,201)
Funds from other than Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ (210,000)	$ —	$ (7)		$ (210,007)
Appropriations Used											
Funds from other than Dedicated Collections	$ —	$ 1,577,379	$ 9,046,030	$ 2,548,423	$ 10,711,373	$ —	$ 11,741,349	$ 2,233,428	$ 4,714,282		$ 42,572,264
Nonexchange Revenues											
Funds from Dedicated Collections	$ 337,115	$ —	$ —	$ —	$ —	$ —	$ 31,930	$ 949,567	$ —		$ 1,318,612
Funds from other than Dedicated Collections	$ —	$ —	$ 79	$ —	$ —	$ —	$ —	$ 10,253	$ —		$ 10,332
Donations and Forfeitures of Cash and Cash											
Funds from Dedicated Collections	$ 823,500	$ —	$ —	$ —	$ —	$ —	$ 247,607	$ —	$ —		$ 1,071,107
Funds from other than Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ —		$ 3
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	$ (2,732)	$ —	$ (7)	$ —	$ —	$ —	$ (21,603)	$ (119,101)	$ —		$ (143,443)
Funds from other than Dedicated Collections	$ —	$ 1,309	$ 181	$ 1,900	$ 170,841	$ —	$ 589,516	$ —	$ (11)		$ 763,736
Donations and Forfeitures of Property											
Funds from Dedicated Collections	$ 1,412,854	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —		$ 1,412,854
Funds from other than Dedicated Collections	$ —	$ —	$ —	$ 280	$ —	$ —	$ —	$ —	$ —		$ 280
Imputed Financing (Note 20)											
Funds from Dedicated Collections	$ 6,696	$ —	$ 14,069	$ 39,497	$ —	$ —	$ 23,151	$ —	$ —		$ 83,413
Funds from other than Dedicated Collections	$ —	$ 111,465	$ 706,196	$ 171,708	$ 752,342	$ 28,247	$ 300,290	$ 11,813	$ 137,607	$ (14,262)	$ 2,205,406
Other											
Funds from other than Dedicated Collections	$ —	$ —	$ (73)	$ —	$ (14,698)	$ —	$ 1	$ —	$ —		$ (14,770)
Net Cost of Operations											
Funds from Dedicated Collections	**$ (2,588,101)**	**$ —**	**$ (123,761)**	**$ (38,393)**	**$ —**	**$ —**	**$ (24,334)**	**$(1,831,372)**	**$ —**		**$ (4,605,961)**
Funds from other than Dedicated Collections	**$ —**	**$(1,697,176)**	**$(9,872,073)**	**$(2,738,462)**	**$(11,390,968)**	**$ (2,133)**	**$(19,771,488)**	**$(2,262,574)**	**$(4,784,763)**	**$ 14,262**	**$ (52,505,375)**
Net Change in Cumulative Results of Operations											
Funds from Dedicated Collections	**$ (378,869)**	**$ —**	**$ (109,699)**	**$ 1,104**	**$ —**	**$ —**	**$ 256,751**	**$(1,000,906)**	**$ —**		**$ (1,231,619)**
Funds from other than Dedicated Collections	**$ —**	**$ (7,023)**	**$ (119,660)**	**$ (16,151)**	**$ 228,890**	**$ 26,114**	**$ (7,350,329)**	**$ (7,080)**	**$ 67,108**		**$ (7,178,131)**
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	$ 3,384,121	$ —	$ 67,495	$ (604,975)	$ —	$ —	$ (1,655,778)	$ 6,605,954	$ —		$ 7,796,817
Funds from other than Dedicated Collections	$ —	$ 37,027	$ 1,224,338	$ 109,779	$ 3,879,025	$424,677	$(10,498,496)	$ 64,854	$ 487,009	$ —	$ (4,271,787)
Total All Funds	**$ 3,384,121**	**$ 37,027**	**$ 1,291,833**	**$ (495,196)**	**$ 3,879,025**	**$424,677**	**$(12,154,274)**	**$ 6,670,808**	**$ 487,009**	**$ —**	**$ 3,525,030**
Net Position											
Funds from Dedicated Collections	**$ 3,384,121**	**$ —**	**$ 67,495**	**$ (604,975)**	**$ —**	**$ —**	**$ 785,623**	**$ 6,605,954**	**$ —**		**$ 10,238,218**
Funds from other than Dedicated Collections	**$ —**	**$ 351,317**	**$ 6,853,772**	**$ 777,047**	**$ 8,186,012**	**$424,677**	**$ (2,573,750)**	**$11,908,802**	**$ 1,106,236**	**$ —**	**$ 27,034,113**
Net Position - Total	**$ 3,384,121**	**$ 351,317**	**$ 6,921,267**	**$ 172,072**	**$ 8,186,012**	**$424,677**	**$ (1,788,127)**	**$18,514,756**	**$ 1,106,236**	**$ —**	**$ 37,272,331**

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2025

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 3,057,176**	**$ —**	**$ —**		**$ 3,057,176**
Funds from other than Dedicated Collections	**$ —**	**$ 396,105**	**$ 2,084,459**	**$ 615,771**	**$ 4,897,877**	**$ —**	**$ 5,037,330**	**$ 7,960,930**	**$ 587,024**		**$ 21,579,496**
Appropriations Received											
Funds from other than Dedicated Collections	$ —	$ 1,787,421	$13,637,146	$ 2,934,249	$ 11,085,402	$ —	$11,836,233	$ 6,568,833	$ 4,222,210		$ 52,071,494
Appropriations Transferred-In/Out											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 12,699	$ —	$ —		$ 12,699
Funds from other than Dedicated Collections	$ —	$ (5,335)	$ (231,423)	$ 11,862	$ 774	$ —	$ (35,690)	$ (52,043)	$ 650,389		$ 338,534
Other Adjustments											
Funds from other than Dedicated Collections	$ —	$ (344)	$ (1,662)	$ (231)	$ (289)	$ —	$ (533,863)	$ (137,120)	$ (112.45)		$ (673,621)
Appropriations Used											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ (632,178)	$ —	$ —		$ (632,178)
Funds from other than Dedicated Collections	$ —	$(1,707,769)	$(9,020,557)	$(2,588,185)	$(11,178,894)	$ —	$(9,261,420)	$(3,233,124)	$(4,571,596)		$ (41,561,545)
Net Change in Unexpended Appropriations											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	**$ (619,479)**	$ —	$ —		$ (619,479)
Funds from other than Dedicated Collections	**$ —**	**$ 73,973**	**$ 4,383,504**	**$ 357,695**	**$ (93,007)**	**$ —**	**$ 2,005,260**	**$ 3,146,546**	**$ 300,891**		**$ 10,174,862**
Total Unexpended Appropriations: Ending											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,437,697	$ —	$ —		$ 2,437,697
Funds from other than Dedicated Collections	$ —	$ 470,078	$ 6,467,963	$ 973,466	$ 4,804,870	$ —	$ 7,042,590	$11,107,476	$ 887,915		$ 31,754,358
Total All Funds	**$ —**	**$ 470,078**	**$ 6,467,963**	**$ 973,466**	**$ 4,804,870**	**$ —**	**$ 9,480,287**	**$11,107,476**	**$ 887,915**	**$ —**	**$ 34,192,055**

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2025 (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	**$ 3,325,197**	**$ —**	**$ 226,184**	**$ (575,180)**	**$ —**	**$ —**	**$ (2,552,315)**	**$ 6,262,707**	**$ —**		**$ 6,686,593**
Funds from other than Dedicated	**$ —**	**$ 58,607**	**$ 1,434,406**	**$ 53,749**	**$ 3,455,905**	**$ 383,051**	**$ (2,322,350)**	**$ 81,101**	**$ 427,022**		**$ 3,571,491**
Other Adjustments											
Funds from Dedicated Collections	$ (250,000)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —		$ (250,000)
Funds from other than Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ (300,000)	$ —	$ (1)		$ (300,001)
Appropriations Used											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 632,178	$ —	$ —		$ 632,178
Funds from other than Dedicated Collections	$ —	$ 1,707,769	$ 9,020,557	$ 2,588,185	$ 11,178,894	$ —	$ 9,261,420	$ 3,233,124	$ 4,571,596		$ 41,561,545
Nonexchange Revenues											
Funds from Dedicated Collections	$ 372,201	$ —	$ —	$ —	$ —	$ —	$ 148,274	$ 3,158,374	$ —		$ 3,678,849
Funds from other than Dedicated Collections	$ —	$ —	$ 95	$ —	$ —	$ —	$ —	$ 1,011	$ —		$ 1,106
Donations and Forfeitures of Cash and Cash											
Funds from Dedicated Collections	$ 1,422,478	$ —	$ —	$ —	$ —	$ —	$ 199,082	$ —	$ —		$ 1,621,560
Funds from other than Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 54	$ —	$ —		$ 54
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	$ (1,742)	$ —	$ —	$ —	$ —	$ —	$ (18,668)	$ (90,000)	$ —		$ (110,410)
Funds from other than Dedicated Collections	$ —	$ (4,183)	$ —	$ 49,794	$ 162,936	$ —	$ 660,851	$ (180)	$ 12,620		$ 881,838
Donations and Forfeitures of Property											
Funds from Dedicated Collections	$ 534,302	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —		$ 534,302
Imputed Financing (Note 20)											
Funds from Dedicated Collections	$ 8,081	$ —	$ 15,371	$ 43,446	$ —	$ —	$ 33,109	$ —	$ —		$ 100,007
Funds from other than Dedicated Collections	$ —	$ 138,492	$ 944,335	$ 202,004	$ 869,567	$ 30,637	$ 397,370	$ 15,814	$ 166,065	$ (13,609)	$ 2,750,675
Other											
Funds from Dedicated Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,160	$ —	$ —		$ 1,160
Funds from other than Dedicated Collections	$ —	$ —	$ (277)	$ —	$ (11,333)	$ —	$ —	$ —	$ —		$ (11,610)
Net Cost of Operations											
Funds from Dedicated Collections	**$(1,647,527)**	**$ —**	**$ (64,361)**	**$ (74,345)**	**$ —**	**$ —**	**$ (355,349)**	**$(1,724,221)**	**$ —**		**$ (3,865,803)**
Funds from other than Dedicated Collections	**$ —**	**$(1,853,435)**	**$(9,882,586)**	**$(2,765,377)**	**$ (11,998,575)**	**$ (15,125)**	**$(10,845,512)**	**$(3,258,936)**	**$(4,757,401)**	**$ 13,609**	**$ (45,363,338)**
Net Change in Cumulative Results of											
Funds from Dedicated Collections	**$ 437,793**	**$ —**	**$ (48,990)**	**$ (30,899)**	**$ —**	**$ —**	**$ 639,786**	**$ 1,344,153**	**$ —**		**$ 2,341,843**
Funds from other than Dedicated Collections	**$ —**	**$ (11,357)**	**$ 82,124**	**$ 74,606**	**$ 201,489**	**$ 15,512**	**$ (825,817)**	**$ (9,167)**	**$ (7,121)**		**$ (479,731)**
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	$ 3,762,990	$ —	$ 177,194	$ (606,079)	$ —	$ —	$ (1,912,529)	$ 7,606,860	$ —		$ 9,028,436
Funds from other than Dedicated Collections	$ —	$ 47,250	$ 1,516,530	$ 128,355	$ 3,657,394	$ 398,563	$ (3,148,167)	$ 71,934	$ 419,901		$ 3,091,760
Total All Funds	**$ 3,762,990**	**$ 47,250**	**$ 1,693,724**	**$ (477,724)**	**$ 3,657,394**	**$ 398,563**	**$ (5,060,696)**	**$ 7,678,794**	**$ 419,901**	**$ —**	**$ 12,120,196**
Net Position											
Funds from Dedicated Collections	**$ 3,762,990**	**$ —**	**$ 177,194**	**$ (606,079)**	**$ —**	**$ —**	**$ 525,168**	**$ 7,606,860**	**$ —**		**$ 11,466,133**
Funds from other than Dedicated Collections	**$ —**	**$ 517,328**	**$ 7,984,493**	**$ 1,101,821**	**$ 8,462,264**	**$ 398,563**	**$ 3,894,423**	**$11,179,410**	**$ 1,307,816**		**$ 34,846,118**
Net Position - Total	**$ 3,762,990**	**$ 517,328**	**$ 8,161,687**	**$ 495,742**	**$ 8,462,264**	**$ 398,563**	**$ 4,419,591**	**$18,786,270**	**$ 1,307,816**	**$ —**	**$ 46,312,251**

U.S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2026

	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ —	$ 2,095	$ —	$ 13,157	$ —	$ —	$ 7,012,898	$ —	$ —	$ 7,028,150
Fees and Licenses	—	53,665	—	15,000	—	—	—	—	—	68,665
Miscellaneous	—	132	—	—	902	—	—	—	1,198	2,232
Total Cash Collections	**$ —**	**$ 55,892**	**$ —**	**$ 28,157**	**$ 902**	**$ —**	**$ 7,012,898**	**$ —**	**$ 1,198**	**$ 7,099,047**
Accrual Adjustments	—	105	—	1,365	5,681	—	(2,140,945)	—	4	(2,133,790)
Total Custodial Revenue (Note 22)	**$ —**	**$ 55,997**	**$ —**	**$ 29,522**	**$ 6,583**	**$ —**	**$ 4,871,953**	**$ —**	**$ 1,202**	**$ 4,965,257**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	$ —	$ —	$ —	$ —	$ —	$ —	$ (633,458)	$ —	$ —	$ (633,458)
U.S. Department of Commerce	—	—	—	—	—	—	(15,489)	—	—	(15,489)
U.S. Department of the Interior	—	—	—	—	—	—	(1,030,888)	—	—	(1,030,888)
U.S. Department of Justice	—	—	—	—	—	—	(588,450)	—	—	(588,450)
U.S. Department of Labor	—	—	—	—	—	—	(1,815)	—	—	(1,815)
U.S. Department of the Treasury	—	—	—	—	—	—	(505,621)	—	—	(505,621)
Office of Personnel Management	—	—	—	—	—	—	(6,438)	—	—	(6,438)
Social Security Administration	—	—	—	—	—	—	(449)	—	—	(449)
U.S. Department of Veterans Affairs	—	—	—	—	—	—	(17,009)	—	—	(17,009)
General Services Administration	—	—	—	—	—	—	(2,418)	—	—	(2,418)
National Science Foundation	—	—	—	—	—	—	(736)	—	—	(736)
Environmental Protection Agency	—	—	—	—	—	—	(67,407)	—	—	(67,407)
U.S. Department of Transportation	—	—	—	—	—	—	(20,869)	—	—	(20,869)
U.S. Department of Homeland Security	—	—	—	—		—	(179,382)	—	—	(179,382)
Small Business Administration	—	—	—	—	—	—	(228,486)	—	—	(228,486)
U.S. Department of Health and Human Services	—	—	—	—	—	—	(2,049,334)	—	—	(2,049,334)
National Aeronautics and Space Administration	—	—	—	—	—	—	(254)	—	—	(254)
U.S. Department of Housing and Urban Development	—	—	—	—	—	—	(22,083)	—	—	(22,083)
U.S. Department of Energy	—	—	—	—	—	—	(2,020)	—	—	(2,020)
U.S. Department of Education	—	—	—	—	—	—	(31,874)	—	—	(31,874)
U.S. Agency of International Development	—	—	—	—	—	—	(259)	—	—	(259)
Treasury General Fund	—	(53,117)	—	(28,157)	(902)	—	(484,813)	—	(1,198)	(568,187)
U.S. Department of Defense	—	—	—	—	—	—	(68,725)	—	—	(68,725)
Other Intragovernmental	—	—	—	—	—	—	(279,419)	—	—	(279,419)
Transferred to the Public	—	—	—	—	—	—	(508,246)	—	—	(508,246)
(Increase)/Decrease in Amounts Yet to be Transferred	—	—	—	(1,365)	(5,681)	—	2,056,009	—	(4)	2,048,959
(Increase)/Decrease in Refunds Payable and Other Liabilities	—	(2,880)	—	—	—	—	—	—	—	(2,880)
Retained by the Reporting Entity	—	—	—	—	—	—	(182,020)	—	—	(182,020)
Total Disposition Of Collections	**$ —**	**$ (55,997)**	**$ —**	**$ (29,522)**	**$ (6,583)**	**$ —**	**$(4,871,953)**	**$ —**	**$ (1,202)**	**$ (4,965,257)**
Custodial Revenue Less Disposition of Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

U.S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2025

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	$ —	$ 1,539	$ —	$ 9,468	$ —	$ —	$ 7,234,132	$ —	$ —	$ 7,245,139
Fees and Licenses	—	193,218	—	15,000	—	—	—	—	—	208,218
Miscellaneous	—	232	—	—	1,591	—	—	—	1,566	3,389
Total Cash Collections	**$ —**	**$ 194,989**	**$ —**	**$ 24,468**	**$ 1,591**	**$ —**	**$ 7,234,132**	**$ —**	**$ 1,566**	**$ 7,456,746**
Accrual Adjustments	—	(169)	—	463	10,160	—	9,119,774	—	10	9,130,238
Total Custodial Revenue (Note 22)	**$ —**	**$ 194,820**	**$ —**	**$ 24,931**	**$ 11,751**	**$ —**	**$16,353,906**	**$ —**	**$ 1,576**	**$ 16,586,984**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	$ —	$ —	$ —	$ —	$ —	$ —	$ (96,105)	$ —	$ —	$ (96,105)
U.S. Department of Commerce	—	—	—	—	—	—	(5,770)	—	—	(5,770)
U.S. Department of the Interior	—	—	—	—	—	—	(557,566)	—	—	(557,566)
U.S. Department of Justice	—	—	—	—	—	—	(1,075,235)	—	—	(1,075,235)
U.S. Department of Labor	—	—	—	—	—	—	(5,051)	—	—	(5,051)
U.S. Department of State	—	—	—	—	—	—	(6,235)	—	—	(6,235)
U.S. Department of the Treasury	—	—	—	—	—	—	(712,581)	—	—	(712,581)
Office of Personnel Management	—	—	—	—	—	—	(4,021)	—	—	(4,021)
Social Security Administration	—	—	—	—	—	—	(500)	—	—	(500)
U.S. Nuclear Regulatory Commission	—	—	—	—	—	—	(191)	—	—	(191)
U.S. Department of Veterans Affairs	—	—	—	—	—	—	(23,253)	—	—	(23,253)
General Service Administration	—	—	—	—	—	—	(23,144)	—	—	(23,144)
National Science Foundation	—	—	—	—	—	—	(956)	—	—	(956)
Environmental Protection Agency	—	—	—	—	—	—	(809,276)	—	—	(809,276)
U.S. Department of Transportation	—	—	—	—	—	—	(2,462)	—	—	(2,462)
U.S. Department of Homeland Security	—	—	—	—	—	—	(118,634)	—	—	(118,634)
Small Business Administration	—	—	—	—	—	—	(149,780)	—	—	(149,780)
U.S. Department of Health and Human Services	—	—	—	—	—	—	(1,365,917)	—	—	(1,365,917)
National Aeronautics and Space Administration	—	—	—	—	—	—	(1,820)	—	—	(1,820)
U.S. Department of Housing and Urban Development	—	—	—	—	—	—	(27,908)	—	—	(27,908)
U.S. Department of Energy	—	—	—	—	—	—	(3,610)	—	—	(3,610)
U.S. Department of Education	—	—	—	—	—	—	(22,392)	—	—	(22,392)
U.S. Agency of International Development	—	—	—	—	—	—	(2,248)	—	—	(2,248)
Treasury General Fund	—	(185,159)	—	(24,468)	(1,591)	—	(1,098,883)	—	(1,566)	(1,311,667)
U.S. Department of Defense	—	—	—	—	—	—	(507,398)	—	—	(507,398)
Transferred_Other Intradepartmental	—	—	—	—	—	—	(138,795)	—	—	(138,795)
Transferred to the Public	—	—	—	—	—	—	(409,943)	—	—	(409,943)
(Increase)/Decrease in Amounts Yet to be Transferred	—	—	—	(463)	(10,160)	—	(8,986,917)	—	(10)	(8,997,550)
(Increase)/Decrease in Refunds Payable and Other Liabilities	—	(9,661)	—	—	—	—	—	—	—	(9,661)
Retained by the Reporting Entity	—	—	—	—	—	—	(197,315)	—	—	(197,315)
Total Disposition Of Collections	**$ —**	**$ (194,820)**	**$ —**	**$ (24,931)**	**$ (11,751)**	**$ —**	**$(16,353,906**	**$ —**	**$ (1,576)**	**$ (16,586,984)**
Custodial Revenue Less Disposition of Collections	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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 1. 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 Internal Controls Over Financial Reporting	1	0	0	0	**1**
Improvements Needed in Internal Controls Over Digital Assets	0	1	0	0	**1**
Total Material Weaknesses	**1**	**1**	**0**	**0**	**2**

Table 2. 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 Internal Controls Over Financial Reporting	1	0	0	0	0	1
Improvements Needed in Internal Controls Over Digital Assets	0	1	0	0		1
Total Material Weaknesses	**1**	**1**	**0**	**0**	**0**	**2**

Compliance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems Conform					
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

Below is a summary of material weaknesses (FMFIA § 2), with detailed corrective action plans.

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, 2026	
Issue Title Improvements Needed in Internal Controls Over Financial Reporting & Improvements Needed in Internal Controls Over Digital Assets	**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 Departmental 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. Through these coordinated efforts, the Department maintained an unmodified, i.e., "clean," audit opinion on its FY 2026 consolidated financial statements. Sustaining this outcome requires reliable systems and consistent financial management practices across all components.

The Department has made substantial progress in implementing the Unified Financial Management System (UFMS), which has driven greater standardization of financial management business processes across components. In FY 2025, the Department also implemented a new tool set to generate the financial statements and the Agency Financial Report (AFR), replacing a legacy system that was more than twenty years old. During FY 2026, the first full year of deployment, the tool set gave all components a consistent platform for preparing the Department's financial statements. Despite this progress, the Department recognizes that further standardization of financial management and reporting processes across components is needed to improve the reliability of data used for financial analysis and reporting.

The auditors identified material weaknesses at the consolidated Department level, resulting from the following deficiencies:

- Deficiencies related to controls over component and consolidated financial statement preparation and review;
- Deficiencies related to financial management and reporting controls at the component level; and
- Deficiencies related to controls over the existence, accuracy, and valuation of seized digital assets.

These conditions demonstrate the need for the Department to further strengthen its internal controls to prevent, or detect and correct, misstatements in component and consolidated financial reporting on a timely basis. To address these material weaknesses, the Department will enhance component and consolidated financial statement preparation and review processes, with particular emphasis on significant balances, adjustments, valuations, and supporting documentation. In conjunction with these efforts, the Department will standardize financial management and reporting practices across components to improve the consistency and reliability of reported data. The Department will further reinforce these practices through updated guidance and targeted training, promoting the consistent application of financial reporting and valuation requirements across all business processes, including those involving seized digital assets.

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 This condition was identified in DOJ OIG Audit of FY 2026 Consolidated Financial Statements.	**Original Target Completion Date** 9/30/2027	**Current Target Completion Date**	**Actual Completion Date**
Issue Identified By KPMG and DOJ OIG	**Source Document Title** DOJ OIG Audit of FY 2026 Consolidated Financial Statements		

Description of Remediation

The Department will strengthen internal controls over financial management, financial reporting, and digital asset valuation through a coordinated, Department-wide approach. The Department will refine and standardize financial statement preparation, review, and valuation procedures across components. Components will update their business process narratives and key review controls to reflect these standardized procedures, establishing clear expectations for the timely and accurate recording, analysis, and support of financial information. The Department will issue updated guidance on financial reporting and valuation requirements and reinforce it through targeted training focused on the areas where deficiencies were identified. To confirm that these improvements are operating as intended, the Department will oversee component validation of internal controls and enhance its quarter-end reviews of component financial reporting. Together, these actions will allow significant concerns and variances to be identified and resolved promptly, before they affect the Department's consolidated financial statements.

Milestones	**Original Target Date**	**Current Target Date**	**Actual Completion Date**
1. Refine and standardize financial statement preparation and review procedures across components, using UFMS and the financial statement tool set to improve the consistency and reliability of reported data.	March 31, 2027		
2. Update component business process narratives and key review controls for financial statement preparation and reporting to reflect current processes and systems.	April 30, 2027		
3. Issue updated Department guidance on financial reporting and valuation requirements, including quarter-end and year-end reporting expectations and supporting documentation.	June 30, 2027		
4. Provide targeted financial management and reporting training to component staff, focused on areas where deficiencies were identified.	Quarterly during FY 2027		
5. Validate component internal controls over financial management transactions, valuations, and preparation of financial statements.	Quarterly during FY 2027		
6. Enhance the Department's reviews of quarter-end component financial reporting to identify and resolve significant concerns and variances in a timely manner.	Quarterly during FY 2027		

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

Standardized financial statement preparation, review, and valuation procedures will establish a consistent foundation for financial management and reporting across components. Updated guidance and targeted training will reinforce these procedures. Ongoing control validation and enhanced quarter-end reviews will allow the Department to identify and correct errors before they affect the consolidated financial statements. Together, these measures will prevent the deficiencies from recurring in the FY 2027 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 valuations, the results of component control validations, and the review of interim and annual financial statements.

Organizations Responsible for Corrective Action

All Department Components

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, 2026	
Issue Title Improvements Needed in Internal Controls Over Digital Assets	**Issue ID** 01DOJ002	**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 Department's Asset Forfeiture Program (AFP) uses asset forfeiture as a tool to deter, disrupt, and dismantle criminal enterprises by denying them the proceeds and instruments of criminal activity. It involves federal, state, tribal, and local law enforcement agencies nationwide. The Asset Forfeiture Management Staff (AFMS) administers the AFP and establishes its financial management policies. Participating agencies seize, take custody of, and record seized property in the Consolidated Asset Tracking System (CATS). This information supports the Department's consolidated financial statements, so policies and controls must be applied consistently, particularly for seized digital assets. The auditors found that management did not consistently define, implement, and monitor policies, procedures, and controls over the existence, accuracy, and valuation of seized digital assets.

AFMS has continued to strengthen its financial management guidance for seized property. However, participating agencies have not consistently applied seizure and valuation requirements. Guidance has not yet fully established clear requirements, and controls over the recording and valuation of seized digital assets have not been consistently designed and implemented across participating agencies. The growing volume and complexity of digital asset seizures, together with the coordination required among multiple AFP stakeholders to finalize policy updates, have added to these challenges.

Collectively, these conditions limit the ability to prevent, or detect and correct, misstatements in seized digital asset balances and related disclosures on a timely basis. Considered in aggregate with related financial reporting deficiencies, these conditions contribute to a material weakness at the consolidated Department level. To address this material weakness, the Department will review and standardize valuation methodologies, support AFMS in clarifying and communicating guidance, provide targeted training to participating agencies, and strengthen the validation and review of controls over seized digital assets.

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 This condition was identified in DOJ OIG Audit of FY 2026 Consolidated Financial Statements.	**Original Target Completion Date** 9/30/2027	**Current Target Completion Date**	**Actual Completion Date**
Issue Identified By KPMG and DOJ OIG	**Source Document Title** DOJ OIG Audit of FY 2026 Consolidated Financial Statements		

Description of Remediation

The Department will strengthen internal controls over the valuation of seized digital assets through coordinated oversight of AFMS and AFP participating agencies. The Department will oversee efforts to review and standardize valuation methodologies and to document and communicate clear policies, procedures, and requirements for recording and valuing seized digital assets. Targeted training will help participating agency staff apply these requirements consistently. To confirm that the improvements are operating as intended, the Department will oversee the validation of controls, strengthen monitoring activities, and enhance risk assessments so that errors are identified, reported, and resolved promptly.

Milestones	**Original Target Date**	**Current Target Date**	**Actual Completion Date**
1. Review and standardize methodologies supporting the valuation of seized digital assets, including aged assets, to improve the accuracy and consistency of reported values.	March 31, 2027		
2. Confirm, document, and communicate policies, procedures, and controls defining the seizure date, custody, and timely data entry for seized digital assets, in coordination with AFMS and AFP participating agencies.	April 30, 2027		
3. Enhance the Department's risk assessments related to the safeguarding, existence, ownership, and accuracy of digital assets.	June 30, 2026		
4. Provide targeted training to AFP participating agency staff on the updated digital asset valuation and seizure requirements.	Quarterly during FY 2027		
5. Oversee participating agency validation of internal controls over the timely and accurate recording and valuation of seized digital assets.	Quarterly during FY 2027		

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

Standardized valuation methodologies and clearly defined requirements, reinforced by targeted training, will give participating agencies a consistent framework for recording and valuing seized digital assets. Ongoing monitoring, control validation, and enhanced reviews will allow errors to be identified and corrected promptly, preventing the deficiencies from recurring in the FY 2027 consolidated financial statements.

Validation Indicator

Results are measured by the number and dollar amount of errors in seized digital asset balances and related disclosures identified during testing of interim and year-end financial transactions and the review of interim and annual financial statements.

Organizations Responsible for Corrective Action

All Department Components associated with the Asset Forfeiture Program (AFP)

Office of the Inspector General's Report on Top Management and Performance Challenges

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

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



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

Top Management and Performance Challenges Facing the Department of Justice–2026

Introduction

The Department of Justice (Department or DOJ) carries responsibilities that are fundamental to the functioning of the federal government and the safety and security of the American people. Its responsibilities include enforcing federal law, protecting the United States from national security threats, combating violent crime and illegal drug trafficking, protecting taxpayer funds from fraud, operating the federal prison system, defending the interests of the United States, and protecting constitutional and statutory rights.

The breadth and importance of these responsibilities make effective management of the Department particularly consequential. The Department must respond to evolving threats while allocating finite personnel and resources among competing priorities. It must equip its employees with the authorities, information, technology, and training necessary to perform their missions effectively while maintaining appropriate safeguards over the exercise of those authorities. And, because the Department exercises extraordinary law enforcement and prosecutorial powers, it must ensure that those powers are exercised lawfully, fairly, consistently, and with appropriate accountability.

The Reports Consolidation Act of 2000, codified at 31 U.S.C. § 3516(d), requires the Office of the Inspector General (OIG) each year to provide a statement summarizing what the Inspector General considers to be the most serious management and performance challenges facing the Department and briefly assessing the Department's progress in addressing those challenges.[1]

The challenges identified in this statement are informed by the OIG's independent oversight work, Department information, and other relevant information concerning significant risks affecting Department programs and operations. In identifying these challenges, the OIG considers not only the significance of the underlying issue, but also its potential effect on the Department's ability to accomplish its missions, administer its programs and resources effectively, and maintain appropriate controls and accountability. The challenges are not presented in priority order.

In August 2026, the OIG issued its Principles of Effective Oversight of the Department of Justice, describing the standards that guide the OIG's independent oversight. The Principles address the OIG's independence, objectivity, use of evidence, protection of individual interests, timeliness, transparency, and focus on significant and systemic risks. They also recognize that Department leadership is responsible for establishing policy, determining enforcement priorities, allocating Department resources, and managing Department programs and operations. The OIG does not substitute its judgment for Department officials on matters lawfully committed to their discretion.[2]

[1] U.S. Code, 31 U.S.C. § 3516(d).

[2] U.S. Dep't of Justice, Office of the Inspector General, Principles of Effective Oversight of the Department of Justice (Aug. 2026). DOJ OIG — Principles of Effective Oversight.

The Principles guide the OIG's oversight work. They do not establish priorities for the Department, prescribe the policies the Department should adopt, or dictate how Department officials should exercise lawful discretion.

For 2026, the OIG identifies the following **six top management and performance challenges** facing the Department:

- **Managing the Federal Correctional System**
- **Safeguarding National Security**
- **Combating Fentanyl Trafficking While Protecting Public Safety**
- **Protecting the Federal Government and American Taxpayer from Fraud**
- **Managing Human Capital in a Reduced-Workforce Environment**
- **Ensuring the Integrity and Fairness of Department Investigations and Prosecutions**

These challenges are distinct, but they are also interconnected. A reduced workforce affects the Department's ability to investigate national security threats, prosecute fraud, combat fentanyl trafficking, and safely operate federal prisons. Emerging technologies create opportunities to improve Department operations but also introduce new national security, investigative, privacy, fraud, and workforce risks. The Department also must effectively share information and coordinate across its own components and with other federal, state, local, and international government partners to address cross-cutting threats and operational demands. And across every mission area, the Department's effectiveness ultimately depends on its ability to carry out its responsibilities lawfully, efficiently, and effectively.

In assessing the Department's progress, the OIG recognizes meaningful corrective actions and measurable improvements where supported by the evidence. At the same time, implementation of a new policy, expenditure of resources, establishment of a working group, or completion of an individual corrective action does not necessarily establish that the underlying management challenge has been resolved. Where possible, the OIG considers whether Department actions have produced measurable and durable improvements in programs and operations.

Challenge 1

Managing the Federal Correctional System

Managing the federal correctional system remains one of the Department's most persistent and consequential challenges. The Federal Bureau of Prisons (BOP) is responsible for maintaining secure institutions, protecting inmates and employees, providing appropriate medical and mental health care, preparing incarcerated individuals for successful reentry, maintaining aging infrastructure, and responsibly administering substantial taxpayer resources.

The OIG's extensive oversight of the BOP has repeatedly identified systemic problems involving staffing, deteriorating infrastructure, contraband, employee misconduct, healthcare, inmate deaths, security systems, restrictive housing, programming, and institutional management.

The OIG's review of 344 inmate deaths occurring from fiscal year (FY) 2014 through FY 2021 found that contraband drugs or weapons contributed, or appeared to contribute, to nearly one-third of those deaths, including 70 drug-overdose deaths. The OIG also identified staffing shortages, outdated security cameras, failures to follow policy, and an ineffective and untimely disciplinary process as contributing factors in numerous deaths.[3]

Staffing and Institutional Operations

Staffing affects virtually every aspect of BOP operations. Insufficient or improperly allocated staffing can affect institutional security, healthcare, programming, employee safety, inmate supervision, maintenance, investigations, and emergency response.

The OIG previously designated as a priority recommendation that the BOP develop and implement a reliable method for calculating appropriate staffing levels at the enterprise and institutional levels. The BOP subsequently addressed that recommendation by developing and implementing its Automated Staffing Tool, which calculates staffing requirements across employee disciplines and institutions and has been operational since October 2024. Although implementation of the tool represents meaningful progress, significant staffing shortages continue to affect BOP operations.[4]

The management challenge extends beyond the aggregate number of vacant positions. Different institutions face different security, healthcare, infrastructure, and programmatic needs. A shortage of nurses, psychologists, correctional officers, maintenance employees, or specialized investigators may produce substantially different operational consequences. The BOP therefore needs to identify where staffing deficiencies create the greatest risks.

[3] U.S. Dep't of Justice, Office of the Inspector General, Evaluation of Issues Surrounding Inmate Deaths in Federal Bureau of Prisons Institutions, Report 24-041 (Feb. 2024) (reviewing 344 inmate deaths from FY 2014 through FY 2021 and identifying issues involving drug overdoses and contraband, staffing, security cameras, policy compliance, and employee discipline). DOJ OIG Report 24-041

[4] U.S. Dep't of Justice, Office of the Inspector General, Top Management and Performance Challenges Facing the Department of Justice-2025 (reporting that the BOP addressed the OIG priority recommendation concerning a reliable staffing-level calculation by developing and implementing the Automated Staffing Tool, operational beginning October 1, 2024). DOJ OIG 2025 TPMC

Congress has recently provided the BOP with substantial additional resources. In 2025, the BOP received $5 billion in supplemental funding available through September 2029, including $3 billion for hiring, training, salaries, and benefits and $2 billion for maintenance and repairs. However, as of August 2026, the BOP has experienced difficulty hiring new employees and keeping pace with both rising costs and attrition among its existing employees. The overall number of onboard BOP employees has decreased since this supplemental funding became available.[5] The availability of these resources presents an opportunity to address longstanding problems but also creates a significant management responsibility to ensure that funds are directed toward the highest-risk needs and produce measurable improvements.

Healthcare and Conditions of Confinement

Recent OIG work illustrates the continuing relationship between staffing and inmate healthcare and has identified specific examples of operational shortcomings that were indicative of broader management challenges.

For example, in two 2026 unannounced inspection reports, the OIG observed that clinician shortages at Federal Detention Center SeaTac and U.S. Penitentiary (USP) Canaan had negative impacts on inmate healthcare, including delays seeing medical providers and backlogs for laboratory tests.

At USP Canaan, an OIG inspection identified local examples of issues involving the use of restraints that created a risk of serious injury—an enterprise risk discussed in two June 2025 OIG audit and investigation products.[6]

The OIG's investigation and review of the conditions of confinement and medical treatment of inmate Frederick Mervin Bardell identified issues involving the treatment of colorectal cancer, compassionate-release procedures, representations to a federal court, and the safe release and transportation of seriously ill inmates.[7] In a related evaluation, the OIG reported in May 2025 serious operational and managerial deficiencies in colorectal cancer screening practices across the BOP. The OIG found substantial variation among facilities: some institutions had screening-offer rates exceeding 90 percent while others had rates below 10 percent. The OIG made 13 recommendations concerning screening, identification of higher-risk inmates, and timely clinical follow-up, all of which the BOP agreed to address.[8]

The management challenge is not limited to correcting specific shortcomings in individual cases. Recurring deficiencies across institutions can indicate weaknesses in policy, staffing, supervision, information systems, training, or accountability.

Contraband and Security

Contraband—including narcotics, weapons, and unauthorized communications devices—continues to threaten inmates and employees and undermine institutional security. Employee corruption can make this threat particularly serious because employees may use their positions to circumvent controls designed to protect institutions.

Recent OIG investigative work illustrates that risk. In April 2026, a BOP employee was convicted of bribery, introduction of contraband, and drug conspiracy after participating in a scheme

[5] Oversight of the Supplemental Funding Given to the Federal Bureau of Prisons (BOP) through Public Law 119-21. DOJ OIG P.L. 119-21

[6] U.S. Dep't of Justice, Office of the Inspector General, Inspection of the Federal Bureau of Prisons' United States Penitentiary Canaan, Report 26-055 (May 2026). DOJ OIG Report 26-055

[7] U.S. Dep't of Justice, Office of the Inspector General, Investigation and Review of the Federal Bureau of Prisons' Conditions of Confinement and Medical Treatment of Frederick Mervin Bardell and Related Representations to the Court, Report 26-007 (2026). DOJ OIG Report 26-007

[8] U.S. Dep't of Justice, Office of the Inspector General, Evaluation of the Federal Bureau of Prisons' Colorectal Cancer Screening Practices for Inmates and Its Clinical Follow-up on Screenings, Report 25-057 (May 2025) (finding substantial institution-level variation in screening offers, including rates above 90 percent and below 10 percent, and making 13 recommendations). DOJ OIG Report 25-057

involving the introduction and movement of significant quantities of contraband, including approximately 2 pounds of methamphetamine, within a federal prison.[9]

The BOP has taken corrective actions in this area. In January 2025, the OIG closed a longstanding recommendation after the BOP issued revised employee entrance and search procedures providing uniform guidance for random pat searches of staff entering prisons.[10]

Further, the OIG has maintained completion of necessary security camera upgrades as a priority recommendation. The BOP has fully completed all elements of the upgrade at 24 of its approximately 120 institutions. It reports that it plans to complete the upgrade at all institutions by December 2027 but also notes that it currently lacks funding for certain upgrade elements at 37 of the remaining institutions.

Recent institutional inspections nevertheless demonstrate that serious operational issues remain.

First Step Act Implementation and Measuring Results

The First Step Act illustrates another central BOP management challenge: translating substantial appropriations and program activity into measurable results.

In May 2026, the OIG issued an evaluation examining BOP's use of approximately $1.23 billion appropriated to implement First Step Act programming during FYs 2022 through 2024.[11]

The OIG identified deficiencies involving BOP's use and accounting of those funds and its implementation of programming. For example, the BOP maintained limited oversight over the $120 million it transferred to the Department of Labor to implement a joint grant program, including what type of programming was being offered at BOP institutions and how funds were administered. The OIG also found that the BOP did not limit First Step Act funds to support only First Step Act objectives and that it lacked information necessary to accurately quantify the results of its First Step Act implementation and thus demonstrate whether statutory objectives were being achieved.[12]

Among the financial issues identified, the OIG found that the BOP reimbursed itself approximately $106 million beyond the cost the BOP calculated it had incurred for providing certain First Step Act programming.[13]

This illustrates a broader management challenge: expenditures, hiring, program participation, and other measures of activity are important, but they are not substitutes for measures of results.

[9] U.S. Dep't of Justice, Office of the Inspector General, BOP Correctional Officer Convicted of Bribery, Introduction of Contraband, and Drug Conspiracy (Apr. 2, 2026). DOJ OIG—BOP Contraband Conviction

[10] U.S. Dep't of Justice, Office of the Inspector General, DOJ OIG Closes Priority Recommendation to the Federal Bureau of Prisons to Develop Guidance for Conducting Random Pat Searches of Staff Entering Prisons, Identifies New Priority Recommendation Concerning Prison Staffing (Jan. 13, 2025). DOJ OIG—Closure of BOP Employee Search Recommendation

[11] The BOP provides reentry programs, including substance abuse treatment, education classes, and employment training, to support inmates in their return to the community as law-abiding citizens. The First Step Act of 2018 required the BOP to expand such programs and ensure that they are tailored to address the specific risks that increase the likelihood of recidivism.

[12] U.S. Dep't of Justice, Office of the Inspector General, Evaluation of the Federal Bureau of Prisons' Use of First Step Act Funding and Implementation of First Step Act Programs at Its Institutions, Report 26-057 (May 2026) (examining BOP's use of approximately $1.23 billion in First Step Act funding and identifying deficiencies in the use and accounting of funds and implementation of programming). DOJ OIG Report 26-057

[13] *Id*. (finding that the BOP transferred approximately $106 million in First Step Act funds beyond the costs the BOP calculated for the relevant programming)..

Progress in Addressing the Challenge

The BOP has taken meaningful steps to address several longstanding deficiencies. It has revised employee entrance and search procedures, continued modernization of institutional video-surveillance systems, undertaken staffing initiatives, responded to recommendations arising from OIG healthcare and institutional reviews, and received substantial additional resources for personnel and infrastructure.

These actions demonstrate progress in addressing specific weaknesses. At the same time, the OIG's recent inspections, evaluations, and investigations continue to identify deficiencies involving healthcare, staffing, security, contraband, programming, infrastructure, and institutional management. The OIG's First Step Act evaluation also demonstrates that substantial expenditures and program activity do not necessarily establish that intended results are being achieved.

Accordingly, the BOP has made progress in several areas, but the federal correctional system continues to present significant and systemic management challenges. A principal measure of future progress will be whether the BOP can translate its additional resources and corrective actions into measurable and sustained improvements across institutions.

Key Management Risk:
the BOP receives substantial resources and undertakes numerous corrective initiatives but lacks sufficiently reliable systems in some areas to determine whether improvements are consistently implemented and sustained across institutions.

Indicators to Watch:
staffing levels and allocation; healthcare vacancies and wait times; infrastructure improvements; security camera modernization; contraband incidents; employee misconduct case processing; First Step Act program availability and waitlists; implementation of recommendations; and measurable outcomes associated with the $5 billion supplemental appropriation.

Challenge 2

Safeguarding National Security

The Department plays a central role in protecting the United States from terrorism, espionage, cyberattacks, foreign intelligence threats, unauthorized disclosures of classified information, transnational criminal organizations, and other threats to national security.

DOJ's FY 2026–2030 Strategic Plan identifies protecting the United States from terrorism and espionage as a central objective. The Department also faces national security risks arising from cyber intrusions, supply chain vulnerabilities, emerging technologies, foreign intelligence operations, and increasingly sophisticated transnational networks.[14]

The complexity of this mission continues to increase. Foreign governments, terrorist organizations, transnational criminal organizations, cyber actors, and individual offenders can employ encrypted communications, super intelligence, digital assets, commercially available surveillance technology, and global financial and communications networks complicating efforts to detect, investigate, and disrupt their activities.

Effective Use of Sensitive Authorities

Many of the investigative and intelligence authorities available to the Department are necessarily powerful. Their continued effectiveness depends in part on reliable systems that ensure they are used consistently with law, policy, court orders, and applicable procedures.

The OIG's October 2025 review of the Federal Bureau of Investigation's (FBI) querying practices under Section 702 of the Foreign Intelligence Surveillance Act provides an important example.

The OIG found that the FBI had implemented all querying reforms required by the Reforming Intelligence and Securing America Act and that the number of noncompliant queries identified through DOJ and FBI oversight had declined substantially, reversing an earlier upward trend. At the same time, the OIG concluded that rigorous internal controls and continuing internal and external oversight remained critical and identified opportunities to better align FBI and National Security Division oversight activities.[15]

Cybersecurity, Technology, and Supply-Chain Risk

Cybersecurity presents both an external national security threat and an internal management challenge. Department systems contain sensitive law enforcement, intelligence, investigative, personnel, and operational information attractive to foreign adversaries and criminal actors.

The OIG previously identified weaknesses in DOJ's cyber supply chain risk-management efforts, including instances in which prescribed mitigation actions for information and communications technology products were not performed or adequately documented.[16]

[14] U.S. Dep't of Justice, U.S. Department of Justice Strategic Plan, FYs 2026–2030 (2026). DOJ FY 2026–2030 Strategic Plan

[15] U.S. Dep't of Justice, Office of the Inspector General, A Review of the Federal Bureau of Investigation's Querying Practices Under Section 702 of the Foreign Intelligence Surveillance Act, Report 26-002 (Oct. 2025) (finding that the FBI implemented all RISAA-required querying reforms, that identified noncompliant queries declined substantially, and that continued internal and external oversight remained important). DOJ OIG Report 26-002

[16] U.S. Dep't of Justice, Office of the Inspector General, Audit of the Department's Cyber Supply Chain Risk Management Efforts, Report 22-087 (July 2022). DOJ OIG Report 22-087

Super intelligence and other emerging technologies add another dimension. Such technologies may enhance intelligence analysis, investigative capabilities, data processing, and administrative efficiency. They also introduce risks involving cybersecurity, data integrity, privacy, records management, and workforce expertise, personnel safety, and operations success.

Coordination and Information Sharing

National security threats rarely fall within a single component's jurisdiction. Effective responses often require coordination among the FBI, National Security Division, Drug Enforcement Administration, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), U.S. Attorneys' Offices, other DOJ components, the Intelligence Community, the Department of Homeland Security, state and local authorities, and international partners. The management challenge is to coordinate these organizations to ensure timely information sharing, clear roles and responsibilities, effective deconfliction, and demonstrable operational results.

Progress in Addressing the Challenge

The Department has demonstrated measurable progress in important areas of national security management. Most notably, the FBI implemented the querying reforms examined in the OIG's 2025 Section 702 review, and identified noncompliant queries declined substantially. That improvement demonstrates that strengthened controls, training, compliance mechanisms, and oversight can produce measurable results.

The Department also continues to develop cybersecurity capabilities, strengthen coordination mechanisms, and address emerging technological threats. However, the pace of technological change and the evolving capabilities of foreign governments, cyber actors, terrorist organizations, and other adversaries mean that national security risk cannot be addressed through a fixed set of controls; rather, it must be addressed through dynamic controls that adapt at the pace of technological change.

The Department therefore has made demonstrable progress in specific areas while continuing to face significant risks involving sensitive investigative authorities, cybersecurity, supply chains, emerging technologies, technical expertise, and interagency coordination.

Key Management Risk:
rapidly evolving national security threats may outpace the Department's technology, workforce expertise, information-sharing mechanisms, or internal controls.

Indicators to Watch:
Section 702 compliance trends; cybersecurity incidents; implementation of cyber supply chain controls; recruitment and retention of technical personnel; coordination among DOJ and Intelligence Community partners; and the Department's governance of super intelligence and other emerging technologies.

Challenge 3

Combating Fentanyl Trafficking While Protecting Public Safety

Fentanyl and other synthetic opioids continue to present a significant law enforcement and public safety challenge. Illicit fentanyl trafficking involves international precursor-chemical supply chains, sophisticated transnational criminal organizations, money laundering and digital assets, encrypted communications, transportation and distribution networks, and rapidly changing manufacturing methods.

DOJ's FY 2026–2030 Strategic Plan identifies combating fentanyl trafficking as an Agency Priority Goal. The Department states that its strategy will focus particularly on major cartel-affiliated organizations, associated supply chains, illicit finance, and trafficking networks, and will use Homeland Security Task Forces as an interagency platform for coordinated operations.

In August 2026, the OIG initiated a review of the Department's policies, practices, and use of investigative authorities in fentanyl trafficking cases involving specified locations. The review is intended to provide independent oversight and identify opportunities to improve the efficiency and effectiveness of Department operations in combating fentanyl trafficking.

The Department has established quantitative performance measures involving the disruption or dismantlement of priority cartel-affiliated organizations and drug-related transnational criminal organizations through September 2027.[17]

Measuring Enforcement Impact

Arrests, seizures, indictments, convictions, and drug quantities are important measures of law enforcement activity. They do not, standing alone, establish whether an enforcement strategy has produced sustained disruption of a trafficking organization or market.

The Department's Strategic Plan includes measures of disruption and dismantlement. The management challenge will be ensuring that those measures are consistently defined, supported by reliable information, and capable of demonstrating operational impact.

Recent enforcement activity illustrates the scale of the Department's efforts. DOJ reported that the DEA made its largest single investigative seizure in May 2025 when it seized approximately

3 million fentanyl-laced pills connected to the Sinaloa Cartel and its associates.[18]

[17] U.S. Dep't of Justice, U.S. Department of Justice Strategic Plan, FYs 2026–2030 (2026) (identifying fentanyl-related priorities and performance measures concerning disruption and dismantlement of cartel-affiliated and other drug-related transnational criminal organizations). DOJ FY 2026–2030 Strategic Plan

[18] U.S. Dep't of Justice, Office of Public Affairs, Largest Fentanyl Bust in DEA History: Authorities Seize Over 400 Kilograms of Fentanyl in Record-Shattering Operation (May 6, 2025) (reporting approximately three million fentanyl pills seized and describing the operation as DEA's largest single seizure of fentanyl pills to date). DOJ—May 2025 DEA Fentanyl Seizure

Investigative Authorities and Resource Allocation

Complex fentanyl investigations may require electronic surveillance, confidential sources, undercover operations, financial investigation, international cooperation, digital evidence, and substantial commitments of personnel and resources.

The Department must determine how to allocate investigative and prosecutorial resources among cartel leadership, precursor suppliers, money launderers, domestic distribution networks, violent organizations, and other participants in the fentanyl market. These decisions involve tradeoffs, as prioritizing one set of targets or techniques may limit the Department's ability to pursue others.

Coordination Across Components and Agencies

Fentanyl trafficking illustrates the importance of cross-component and interagency coordination. The DEA, FBI, ATF, the Criminal Division, U.S. Attorneys' Offices, Department of Homeland Security components, state and local law enforcement, foreign partners, and other organizations may possess different intelligence, authorities, and capabilities.

The management challenge will be determining whether existing coordination structures, including interagency task forces and deconfliction mechanisms, reduce duplication, improve intelligence sharing, clarify operational responsibility, and produce outcomes that individual agencies could not achieve independently.

Balancing Enforcement and Public Safety

The ultimate objective of fentanyl enforcement is protecting the public.

That requires performance measures capable of illuminating both enforcement activity and operational outcomes. DOJ should be able to determine whether particular strategies disrupt significant trafficking organizations, restrict supply chains, identify emerging precursor pathways, attack illicit finance, and contribute to broader public-safety objectives.

The OIG does not determine which lawful drug-enforcement policies DOJ should pursue or how prosecutors should resolve individual cases. The OIG may, however, assess whether the Department implements its chosen policies efficiently and effectively; appropriately manages investigative authorities and resources; accurately measures results; coordinates effectively across organizational boundaries; and identifies and corrects systemic weaknesses.

Progress in Addressing the Challenge

The Department has undertaken substantial enforcement activity against fentanyl trafficking organizations and has increasingly focused its performance framework on the disruption and dismantlement of significant criminal organizations rather than solely on traditional activity measures. The establishment of cartel- and transnational criminal organization-focused performance measures, along with expanded interagency coordination mechanisms such as the Homeland Security Task Force—a whole-of-government initiative to target criminal cartels, foreign gangs, transnational criminal organizations, and human smuggling and trafficking rings—represents progress toward a more outcome-oriented approach.

The Department also has reported significant seizures, arrests, prosecutions, and coordinated enforcement operations. These results demonstrate substantial law enforcement activity and, in individual cases, significant operational successes.

Nevertheless, seizures, arrests, indictments, and convictions do not alone demonstrate sustained disruption of fentanyl supply chains or trafficking organizations. Assessing the Department's overall progress will require reliable measures showing whether its strategies are degrading the capabilities of significant trafficking organizations, disrupting precursor and financial networks, and producing durable public-safety effects.

Key Management Risk:
substantial enforcement activity may not translate into durable disruption if DOJ cannot measure organizational impact, adapt quickly to changing trafficking methods, or effectively coordinate finite resources.

Indicators to Watch:
cartel and transnational criminal organization disruption and dismantlement measures; fentanyl seizures and purity; precursor-chemical trends; illicit-finance investigations and seizures; use and timeliness of complex investigative techniques; interagency deconfliction; prosecution outcomes; and measures connecting enforcement strategies to public-safety results.

Challenge 4

Protecting the Federal Government and American Taxpayer from Fraud

Fraud against federal programs deprives taxpayers of resources, undermines confidence in government, and can divert funds from intended beneficiaries. The size and complexity of federal programs, combined with increasingly sophisticated technology and financial networks, create substantial opportunities for criminal and civil fraud.

Fraudsters have inflicted billions of dollars in losses on the federal government. The Government Accountability Office (GAO) estimates that between FYs 2018 and 2022, the government lost approximately $233 billion to $521 billion annually due to fraud.[19] In FY 2025, DOJ reported a record $6.8 billion in False Claims Act settlements and judgments—including more than $5.7 billion from the healthcare sector—and documented 1,297 qui tam filings and 401 government initiated investigations.[20] These figures underscore the federal government's substantial fraud exposure and the need for robust measures to safeguard taxpayer funds.

Increasing Scale and Sophistication

Fraud schemes increasingly span agency, geographic, technological, and financial boundaries. Criminal actors exploit weaknesses in government payment systems at scale, use stolen identities, move illicit proceeds through complex financial channels or digital assets, and leverage super intelligence to amplify both the volume and sophistication of their schemes.

The Department's Strategic Plan identifies protecting the public treasury and the American taxpayer as a core objective and highlights priority areas including healthcare fraud, federal program and procurement fraud, trade and environmental fraud, tax violations, data analytics, and coordinated enforcement.[21]

National Fraud Enforcement Division

In April 2026, DOJ established the National Fraud Enforcement Division (FRD), which is dedicated to aggressively investigating and prosecuting fraud against federal programs, taxpayer funds, businesses, and individuals. FRD enhances the Department's fraud fighting capacity by consolidating and realigning key resources, centralizing expertise, reducing duplication, and strengthening coordination with federal agencies and state and local law enforcement partners.[22]

The Division also leverages advanced data analytics and other investigative tools to detect fraud and is responsible for setting national fraud enforcement priorities. In August 2026, FRD identified priority areas including fraud affecting public trust and financial integrity, healthcare, federal revenue, global trade and commerce, and corporate misconduct.

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[19] U.S. Gov't Accountability Off., Fraud Risk Management: 2018–2022 Data Show Federal Government Loses an Estimated $233 Billion to $521 Billion Annually to Fraud, Based on Various Risk Environments at 18 (2024) (estimating federal fraud caused $233–$521 billion in direct annual losses based on FY 2018–2022 data). GAO-24-105833.

[20] U.S. Dep't of Justice, Office of Public Affairs, False Claims Act Settlements and Judgments Exceed $6.8B in Fiscal Year 2025 (Jan. 16, 2026) (reporting more than $6.8 billion in settlements and judgments, more than $5.7 billion involving the healthcare industry, 1,297 qui tam filings, and 401 government-initiated investigations). DOJ—FY 2025 False Claims Act Results

[21] U.S. Dep't of Justice, U.S. Department of Justice Strategic Plan, FYs 2026–2030, Strategic Objective 2.1 (2026) (identifying protection of the federal fisc and taxpayer from fraud, expanded data analytics, increased capacity, and coordinated enforcement as Department priorities). DOJ FY 2026–2030 Strategic Plan

[22] Memorandum from Acting Attorney General Todd Blanche to the Department of Justice, Creation of the National Fraud Enforcement Division (Apr. 7, 2026) (directing a comprehensive and coordinated approach to fraud enforcement and consolidation and realignment of relevant resources to reduce duplication, clarify lines of effort, centralize expertise, and maximize results). DOJ — April 7, 2026 Fraud Division Memorandum

Data Analytics and Early Detection

Given the volume of federal transactions, traditional case-by-case detection is insufficient, making data analytics essential for identifying patterns, anomalies, common actors, and other indicators of fraud. Effective analytics depend on accurate, accessible data; appropriate information sharing; skilled personnel; timely investigative follow-up; and strong safeguards.

The creation of FRD is a major organizational shift in DOJ's approach to combatting fraud, and a key question moving forward is whether this consolidation improves the DOJ's ability to detect significant fraud earlier, coordinate investigations across organizational boundaries, deploy specialized expertise and data more effectively, reduce duplication, and achieve measurable gains in preventing, detecting, prosecuting, and recovering fraud involving taxpayer funds.

Whistleblowers and Interagency Partnerships

The $5.3 billion in settlements and judgments from qui tam matters in FY 2025 and the preceding year underscores the continued critical role whistleblowers play in uncovering fraud against the government.[23]

Inspectors General also remain important partners in federal fraud enforcement because of their specialized knowledge of the programs being defrauded and their ability to develop referrals and evidence that support DOJ investigations and prosecutions.

Timeliness, Prioritization, and Recovery

Fraud cases can be complex and resource intensive. The Department must therefore determine which matters warrant criminal investigation, civil enforcement, administrative remedies, or other action.

Successful fraud enforcement also cannot be measured solely through prosecutions or judgments. Recovery of taxpayer funds and prevention of future losses are important measures of effectiveness. Investigations can expose program weaknesses that, if unaddressed, permit fraud to recur.

[23] U.S. Dep't of Justice, Office of Public Affairs, False Claims Act Settlements and Judgments Exceed $6.8B in Fiscal Year 2025 (Jan. 16, 2026) (reporting settlements and judgments exceeding $5.3 billion in qui tam matters filed in FY 2025 or earlier years). DOJ—FY 2025 False Claims Act Results

Progress in Addressing the Challenge

DOJ achieved significant measurable results in fraud enforcement during FY 2025. The more than $6.8 billion in False Claims Act settlements and judgments represented a record annual recovery, and DOJ continued to pursue fraud through both government-initiated investigations and whistleblower matters.

DOJ also has taken steps to increase the speed with which certain fraud allegations are evaluated, expand the use of data analytics, and coordinate enforcement across agencies. These efforts demonstrate progress in recovering taxpayer funds and strengthening the government's capacity to identify significant fraud.

At the same time, record qui tam filings and the continuing scale of healthcare, procurement, benefits, and other fraud demonstrate that the underlying challenge remains substantial. Record recoveries can reflect successful enforcement, but they can also illustrate the magnitude of fraud affecting federal programs.

Continued progress therefore will depend not only on the amount recovered or the number of cases brought, but also on whether DOJ and its partner agencies can identify significant fraud earlier, prevent additional losses, recover taxpayer funds efficiently, and use lessons from enforcement to reduce recurring program vulnerabilities.

Key Management Risk:
the scale and speed of fraud may exceed the government's ability to detect and respond to it if DOJ and its partners cannot effectively integrate data, specialized personnel, whistleblower information, and interagency resources.

Indicators to Watch:
False Claims Act filings and recoveries; government-initiated investigations; healthcare, procurement, benefits, grant, and loan fraud trends; time required to assess referrals; fraud-related forfeitures and restitution; use of data analytics; interagency information sharing; and evidence that enforcement findings result in stronger program controls.

Challenge 5

Managing Human Capital in a Reduced-Workforce Environment

The Department's workforce is its most important operational resource. Attorneys, agents, correctional officers, intelligence analysts, auditors, information technology specialists, scientists, administrative professionals, and thousands of other employees perform missions that cannot be accomplished through organizational structure or technology alone.

Human capital management has long presented challenges for the Department. In 2025, the OIG identified maintaining mission capability amid staffing reductions, recruiting and retaining qualified personnel, and preserving institutional knowledge as key areas of concern.

These concerns have become more significant as the Department's workforce has contracted.

DOJ's FY 2026 budget materials show that more than 4,000 DOJ employees accepted the Deferred Resignation Program offer.[24] According to Office of Personnel Management data, the Department saw a net loss of 10,345 employees between January 2025 and May 2026.[25]

The management challenge is not the numerical reduction alone. It is ensuring that the Department continues to perform its highest-priority missions effectively with fewer personnel.

Matching Workforce Resources to Mission

Across an organization as large and decentralized as DOJ, aggregate staffing figures can conceal significant operational risks.

A vacant correctional-officer position, cyber specialist, experienced prosecutor, healthcare professional, intelligence analyst, contracting officer, or financial investigator can have materially different effects on mission performance.

The Department therefore needs sufficiently reliable and granular workforce information to understand which positions and competencies are mission critical, where attrition is concentrated, whether workloads remain sustainable, and where reductions may create unacceptable operational risk.

[24] U.S. Dep't of Justice, Fiscal Year 2026 Budget and Performance Summary (describing a Department-wide workforce reduction of more than 4,000 onboard employees through the Deferred Resignation Program, additional potential reductions through VERA and RIF actions, and consolidation of administrative support functions).

[25] Office of Personnel Management, Workforce Changes.

Mission-Level Effects of Staffing Reductions

Recent OIG work provides a concrete example of how staffing constraints can affect Department programs.

In July 2026, the OIG reported that the Executive Office for U.S. Attorneys' Missing or Murdered Indigenous Persons Regional Outreach Program had a 40 percent staffing vacancy rate as of February 2026. The OIG found that staffing challenges, budget constraints, the 2025 hiring freeze, and U.S. Attorney leadership turnover affected program continuity and its ability to achieve its goals.

The OIG also found that the program lacked standardized performance metrics, making it more difficult to determine whether the remaining resources were producing intended results.[26]

Institutional Knowledge and Succession

Workforce reductions and retirements can result in the loss of institutional knowledge that may not be apparent until it is needed.

Specialized expertise may take years to develop. Effective succession planning therefore requires identifying critical skills and functions, transferring knowledge before experienced employees depart, developing employees capable of assuming greater responsibility, and ensuring continuity of essential operations.

Recruitment, Retention, and Organizational Capacity

Even while reducing overall staffing, the Department may need to recruit aggressively for positions involving scarce or mission-critical expertise.

The Department also has been consolidating certain administrative support functions as part of broader workforce and efficiency initiatives. Such consolidation may produce efficiencies, but it requires careful implementation to ensure that cost reductions do not create operational bottlenecks or eliminate specialized support necessary to mission components.

Progress in Addressing the Challenge

The Department has undertaken significant organizational and workforce changes intended to align personnel and administrative resources with current priorities. It also has identified workforce performance, merit-based hiring, accountability, training, modernized human-resources systems, and data-driven workforce decisions as strategic management objectives.

However, it remains too early in many areas to determine the full operational effects of recent workforce reductions and organizational changes. Aggregate reductions do not establish whether the Department has successfully preserved the personnel and expertise most critical to its missions.

[26] U.S. Dep't of Justice, Office of the Inspector General, Audit of the United States Attorneys' Offices' Compliance with Savanna's Act of 2020 and Their Efforts in Response to Missing or Murdered Indigenous Persons, Report 26-076 (July 2026) DOJ OIG Report 26-076.

Recent OIG work demonstrates that staffing constraints already affect some Department programs. The 40 percent vacancy rate identified in the Missing or Murdered Indigenous Persons Regional Outreach Program, together with concerns involving BOP staffing and technical workforce needs elsewhere in the Department, illustrates the importance of evaluating workforce changes at the mission and occupational level rather than solely through Department-wide headcount.

Future progress should therefore be assessed by whether the Department can demonstrate that staffing reductions, consolidations, and recruitment strategies have preserved or improved mission performance; that critical vacancies can be filled when necessary; and that workload, institutional knowledge, and specialized expertise remain sufficient to accomplish Department priorities.

Key Management Risk:
workforce reductions may produce mission degradation that aggregate staffing numbers do not reveal, particularly where departures are concentrated in specialized or difficult-to-replace positions.

Indicators to Watch:
workforce size by component and occupation; vacancy and attrition rates; time-to-hire; retirement eligibility; use of incentives; employee workload; mission-critical skill gaps; succession planning; training; supervisory ratios; contractor reliance; and measurable effects of staffing reductions on timeliness and mission outcomes.

Challenge 6

Ensuring the Integrity and Fairness of Department Investigations and Prosecutions

The Department possesses extraordinary authority. Federal investigators may conduct sensitive investigations, employ compulsory legal process and sophisticated investigative techniques, make arrests, and recommend criminal charges. Federal prosecutors exercise substantial discretion in determining whether and how to pursue criminal and civil enforcement matters.

The lawful and effective exercise of these authorities is indispensable to public safety and the rule of law. It also creates a corresponding management responsibility to ensure that Department investigations and prosecutions are conducted with integrity, objectivity, consistency, and fairness.

This challenge encompasses, but is broader than, public perception. Integrity and fairness are operational requirements for a law enforcement institution, not merely matters of public image.

Applying Law and Policy Consistently

Investigative and prosecutorial decisions necessarily involve judgment. Reasonable professionals may reach different conclusions when exercising lawful discretion, and neither management nor oversight should treat disagreement with a permissible discretionary decision as evidence of misconduct.

At the same time, discretion is not unlimited. Department employees must comply with constitutional requirements, federal law, court orders, applicable Department policies, ethical obligations, and established approval requirements.

Effective management therefore requires systems that ensure that significant decisions are based on relevant facts and governing standards and are insulated from improper considerations.

Predication, Investigative Techniques, and Supervisory Review

Department components must maintain effective controls governing the initiation and conduct of investigations, particularly matters involving sensitive subjects, intrusive investigative techniques, constitutional interests, confidential information, or significant public consequences.

Controls may include factual predication requirements, supervisory approvals, legal review, documentation, periodic reassessment, and enhanced approvals for particularly sensitive investigative steps.

The Department's experience with Section 702 demonstrates that strong controls and oversight can produce measurable compliance improvement. The OIG's 2025 review found that identified noncompliant FBI queries had declined substantially following a series of reforms; illustrating how strengthened policies, training, and oversight can improve adherence to sensitive investigative requirements.[27]

Evidence, Objectivity, and Completeness

Fair investigations require consideration of relevant evidence whether it supports or undermines an investigative theory.

Department leadership is responsible for establishing the policies and professional standards governing investigations and prosecutions. Those systems should support accurate fact development, appropriate consideration of contrary information, compliance with discovery and disclosure obligations, and documentation of significant decisions where required.

Timeliness

Unnecessary delay can itself have substantial consequences.

Lengthy unresolved investigations can affect subjects, witnesses, victims, employees, and the Department. Delay may impair evidence, increase costs, prevent timely corrective action, consume scarce investigative resources, and leave serious allegations unresolved.

At the same time, timeliness cannot come at the expense of accuracy, completeness, and fairness.

Office of Professional Responsibility Capacity and Oversight

The Department's ability to ensure the integrity and fairness of its investigations and prosecutions depends in part on effective internal oversight. Like the OIG, the Office of Professional Responsibility (OPR) occupies a particularly important role in that system.

The breadth and sensitivity of OPR's responsibilities are significant when compared with its relatively small organizational footprint. In FY 2026, OPR had 18 full-time equivalent positions and a budget of approximately $7.4 million.[28]

At the same time, OPR reported receiving 2,081 professional misconduct complaints in FY 2026, compared with 1,666 in FY 2025, 1,346 in FY 2024, and 1,085 in FY 2023—an increase of approximately 54 percent in 2 years.[29]

In FY 2026, OPR opened 33 professional-misconduct inquiries and closed 35, while opening 10 full investigations and completing 9. OPR found professional misconduct in 9 of the 10 investigations it completed during the year.

[27] U.S. Dep't of Justice, Office of the Inspector General, A Review of the Federal Bureau of Investigation's Querying Practices Under Section 702 of the Foreign Intelligence Surveillance Act, Report 26-002 (Oct. 2025). DOJ OIG Report 26-002

[28] Information obtained from OPR. See also U.S. Dep't of Justice, Justice Operations, Management, and Accountability, FY 2025 Performance Budget Congressional Submission (2024) (showing 28 FTE and $7.361 million for OPR in the FY 2025 request). FY 2025 JOMA Budget Justification

[29] Information obtained from OPR. See also U.S. Dep't of Justice, Office of Professional Responsibility, 2025 Annual Report to the Attorney General (2026) (reporting OPR complaint intake and FY 2025 inquiry and investigation statistics, including professional-misconduct findings in 9 of 10 completed investigations). DOJ OPR 2025 Annual Report

OPR also received 50 new FBI whistleblower retaliation complaints and closed 41 matters during FY 2026, ending the year with 15 pending whistleblower matters.[30]

These results demonstrate that OPR has continued to resolve substantial workloads despite its limited size. However, the Department faces risk in its oversight capacity if OPR's staffing levels are insufficient to manage the workload generated by the Department's thousands of employees.

Limited staffing can affect more than the speed with which individual matters are completed. It can constrain OPR's ability to absorb sudden increases in complaints or complex investigations; preserve specialized expertise and institutional knowledge; undertake broader reviews when warranted; analyze trends across otherwise separate matters; and identify recurring issues involving policy, training, supervision, or professional practices that may warrant Department-wide attention.

Accountability, Independence, and Public Confidence

A credible system of accountability must be capable of identifying misconduct and addressing it fairly and promptly.

Individual misconduct matters should not automatically be treated as evidence of institutional failure. Conversely, repeated incidents involving similar policies, supervisory failures, or controls may indicate a broader management problem requiring institutional corrective action.

The integrity of Department investigations and prosecutions depends on decisions based on the facts, applicable law, Department policy, and legitimate law enforcement considerations. Department personnel must be able to exercise professional judgment within established supervisory structures without decisions being affected by improper considerations or external pressures.

Improper influence can arise from multiple sources. It may involve political or partisan considerations; personal, financial, ideological, or reputational interests; conflicts of interest or relationships with subjects, witnesses, victims, attorneys, or other interested parties; pressure from government officials or other institutions unrelated to legitimate law enforcement considerations; or efforts to protect an individual, component, program, or institution from embarrassment or criticism. Public controversy, media attention, or anticipated criticism also can create pressure that must not displace the application of appropriate investigative and prosecutorial standards.

At the same time, independence from improper influence should not be confused with independence from lawful supervision. The Department is a hierarchically managed Executive Branch agency. Department leaders are responsible for establishing lawful enforcement policies and priorities, allocating resources, supervising Department components and personnel, and exercising authorities assigned to them by law and Department policy. Disagreement with a supervisory decision does not, standing alone, establish improper influence.

The Department cannot control every public reaction to its work, nor should investigative or prosecutorial decisions be made to achieve favorable public opinion. It can, however, control the integrity of its processes.

[30] Information obtained from OPR. See also id. (in FY 2025, reporting 52 new FBI whistleblower retaliation complaints, 59 matters closed, and 7 matters pending at the end of FY 2025). Note that OPR shares jurisdiction with the OIG over whistleblower retaliation complaints by FBI employees under 5 U.S.C. § 2303 and 28 C.F.R. §§ 27.1, 27.3.

Progress in Addressing the Challenge

There is evidence of meaningful progress in specific areas of the Department's integrity and accountability systems.

The substantial reduction in identified noncompliant FBI Section 702 queries following reforms demonstrates that strengthened policies, training, supervisory controls, compliance mechanisms, and oversight can improve adherence to sensitive investigative requirements.

OPR also demonstrated progress in managing its workload during FY 2025. It closed more professional misconduct inquiries than it opened and completed more full investigations than it initiated during the year. In its separate FBI whistleblower docket, OPR closed 59 matters while receiving 52 new complaints and reduced its pending inventory to 7 matters.

These results are significant and should be recognized. At the same time, professional-misconduct complaints increased approximately 54 percent between FY 2023 and FY 2025, while OPR's funded staffing level remained essentially unchanged. The combination of increased intake, a relatively small workforce, complex professional-responsibility investigations, and separate FBI whistleblower responsibilities creates continuing capacity and resilience risks.

More broadly, ensuring integrity and fairness in Department investigations and prosecutions is not a challenge that can be considered resolved through any single reform or performance measure. Continued progress depends on effective supervisory controls, compliance with investigative and prosecutorial requirements, timely resolution of allegations, sufficient internal oversight capacity, protection of lawful whistleblowers, fair accountability processes, and the Department's ability to identify recurring or systemic deficiencies.

Key Management Risk:
The Department's ability to maintain integrity and fairness in investigations and prosecutions depends on effective supervisory controls and accountability mechanisms. Actual or perceived inconsistencies in the application of investigative and prosecutorial standards can undermine the legitimacy of Department decisions, while insufficient capacity within internal oversight functions—including OPR—can impair the Department's ability to identify, investigate, and address potential misconduct in a timely and comprehensive manner.

Indicators to Watch:
compliance findings involving sensitive investigative authorities; timeliness of significant investigations; supervisory and approval controls; discovery and disclosure compliance; employee misconduct trends; whistleblower retaliation allegations; implementation of corrective actions; recurring findings indicating systemic rather than isolated deficiencies; OPR authorized, funded, and onboard staffing; OPR vacancies and turnover; annual professional-misconduct complaint intake; inquiries and investigations opened, closed, and pending; age and average or median duration of pending OPR matters; percentage of inquiries resolved within 1 year; attorney caseloads; FBI whistleblower complaint intake and backlog; and OPR's capacity to identify recurring or Department-wide issues through trend analysis.

Conclusion

The six challenges identified in this report reflect different aspects of the Department's mission, but they share a common management imperative.

The Department must make consequential decisions in an environment of limited resources, rapidly evolving threats, technological change, and intense public scrutiny. It must distinguish activity from results, isolated incidents from systemic problems, and policy disagreements from deficiencies in the administration of Department programs. It must identify risks early, allocate resources based on reliable information, establish meaningful performance measures, and take timely corrective action when weaknesses are identified.

As required by 31 U.S.C. § 3516(d), this report also assesses the Department's progress in addressing these challenges. That assessment demonstrates meaningful progress in several areas. The BOP has implemented corrective actions and received substantial additional resources to address longstanding staffing, security, and infrastructure concerns. FBI compliance with Section 702 querying requirements has improved following reforms. The Department has established more outcome-oriented measures for fentanyl enforcement and has achieved significant operational results against trafficking organizations. DOJ obtained record False Claims Act recoveries in FY 2025. The Department is implementing substantial workforce and organizational changes, including the creation of the National Fraud Enforcement Division. And OPR reduced its FBI whistleblower backlog while continuing to address a growing volume of professional-misconduct complaints.[31]

At the same time, none of these developments eliminates the underlying management challenges. The BOP continues to confront systemic operational deficiencies. National security threats and technology continue to evolve. The Department still must demonstrate whether fentanyl enforcement produces durable disruption of trafficking organizations and supply chains. Record fraud recoveries coexist with record whistleblower filings and substantial continuing fraud, which GAO estimates could be between $233 billion and $521 billion annually. The effects of significant workforce reductions on mission capability are not yet fully known. And increasing demands on the Department's internal accountability systems, including OPR, create continuing capacity and timeliness risks.

The OIG's Principles of Effective Oversight provide the framework for how the OIG conducts independent oversight of these and other challenges. The OIG will remain independent and objective while engaging professionally with the Department; focus its finite resources on significant and systemic risks; ground findings in reliable evidence and established standards; maintain disciplined scopes; report both deficiencies and relevant mitigating circumstances; protect individual interests; and seek timely, practical, and durable improvements to Department operations.

The Department remains responsible for determining how to address the challenges described in this report, consistent with applicable law, policy, available resources, and its strategic and operational judgments.

The OIG likewise has an obligation to recognize meaningful progress. Oversight is complete when it reports failures and also acknowledges when corrective actions work. At the same time, the OIG must distinguish implementation activity from demonstrated results and determine, where possible, whether corrective actions produce measurable and durable improvements.

[31] *See* 31 U.S.C. § 3516(d); U.S. Dep't of Justice, Office of the Inspector General, Report 26-002 (Oct. 2025); U.S. Dep't of Justice, Office of Public Affairs, False Claims Act Settlements and Judgments Exceed $6.8B in Fiscal Year 2025 (Jan. 16, 2026); U.S. Dep't of Justice, Office of Professional Responsibility, 2025 Annual Report to the Attorney General (2026).

The OIG will continue to conduct independent oversight of these and other significant risks facing the Department. In doing so, we will identify deficiencies based on evidence, recognize progress where supported by the record, distinguish individual errors from systemic problems, and focus our recommendations on practical improvements within the Department's authority and capacity to implement.

The objective is not oversight for its own sake. Effective oversight provides the Department, Congress, and the public with reliable information about significant risks and deficiencies, recognizes meaningful progress, promotes accountability, contributes to the effective administration of Department programs and operations, and deters fraud, waste, and abuse of taxpayer funds.

Appendix 1

Management Response to the Office of the Inspector General 2026 Report on Top Management and Performance Challenges Facing the Department of Justice

The mission of the Department of Justice (Department or DOJ) is to uphold the rule of law, keep our country safe, and protect civil rights. The Department established a Fiscal Year (FY) 2026–2030 Strategic Plan to fulfill its mission in alignment with the President's Management Agenda and advance the Attorney General's vision for years to come. The Strategic Plan establishes objectives and performance measures that enable the Department to assess its progress for the following goals.

Strategic Goal 1: Keep our Country Safe and Secure

Strategic Goal 2: Uphold the Rule of Law and Protect the Rights of American Citizens

Strategic Goal 3: Modernize the Department of Justice

The Department is committed to addressing and collaborating on the top management challenges that the Office of the Inspector General (OIG) identified.

The OIG plays an important role in ensuring that the Department accomplishes its mission effectively and efficiently. The OIG holds Department personnel accountable for misconduct; protects whistleblowers from reprisal; and detects and deters government waste, fraud, and abuse. As part of this work, and as required by statute, OIG annually identifies what it considers to be the top management and performance challenges facing the Department.

For 2026, the OIG identified the following six top management and performance challenges facing the Department:

- Managing the Federal Correctional System
- Safeguarding National Security
- Combating Fentanyl Trafficking While Protecting Public Safety
- Protecting the Federal Government and American Taxpayer from Fraud
- Managing Human Capital in a Reduced-Workforce Environment
- Ensuring the Integrity and Fairness of Department Investigations and Prosecutions

Challenge 1: Managing the Federal Correctional System

The Department's OIG identified management issues affecting the federal corrections system such as staffing and institutional operations, healthcare and conditions of confinement, and contraband and security. The Federal Bureau of Prisons (BOP), is responding to these challenges and, as such, is pursuing the following actions and initiatives.

Staffing and Institutional Operations

Employee well-being and institutional safety remain the BOP highest priorities, driving a broad modernization of recruitment, hiring, retention, and workforce-management practices. Using expanded hiring authorities and updated internal processes, the BOP streamlined suitability reviews, shortened announcement periods, automated incentives and age-waiver processing, and broadened applicant pathways to strengthen staffing nationwide and meet the demands of an evolving correctional environment.

To address systemic challenges and improve hiring consistency, the BOP launched Operation Full Strength on October 1, 2026, centralizing hiring operations and accelerating onboarding across institutions. Recruitment Strike Teams conducted sixteen targeted hiring events in locations with the most acute staffing shortages, while continued use of direct-hire authority, reduction of the Learning Management System backlog, implementation of new analytics tools, extended maximum-entry-age waivers, and special salary-rate requests further improved hiring velocity and training access.

In alignment with the One Big Beautiful Bill Act, the BOP also established FY 2026 hiring goals and implemented a tiered staffing-support model to direct incentives to the most understaffed facilities and mission-critical occupations. These collective efforts produced measurable gains, including increased overall hiring and improved healthcare staffing. While work remains ongoing, the BOP's modernization initiatives, new authorities, and targeted incentives are strengthening its ability to attract, hire, and retain personnel, improving workforce sustainability and ensuring safer, more effective operations for employees and inmates alike.

Healthcare and Conditions of Confinement

The BOP has undertaken a comprehensive set of reforms to improve inmates' access to adequate healthcare and address systemic deficiencies identified by the OIG. Recognizing that healthcare access is fundamental to both inmates well-being and institutional stability, the BOP has focused on strengthening clinical staffing pipelines, improving the timeliness and quality of medical services, standardizing preventive-care programs, and reinforcing conditions-of-confinement safeguards across its facilities.

The BOP has advanced several systemwide initiatives to strengthen medical staffing, improve timely access to care, standardize preventive-care practices, and address deficiencies identified in OIG reviews. Together, these reforms enhance the agency's ability to provide consistent, accountable, and high-quality correctional healthcare.

BOP expanded its medical recruitment and retention tools through a partnership with the Health Resources and Services Administration, significantly increasing access to National Health Service Corps student loan repayment opportunities. Currently, 212 healthcare professionals are receiving repayment assistance, creating a strong incentive for clinicians to work in federal correctional settings. To further broaden hiring flexibility, BOP is exploring the extension of Title 38 authorities to 13 additional healthcare disciplines. This would allow the use of competitive federal healthcare compensation and hiring mechanisms, improving the Bureau's ability to recruit and retain qualified clinicians across diverse specialties.

The agency has also made substantial progress in reducing delays in medical appointment scheduling and completion. Enhancements to the Bureau Electronic Medical Record (BEMR) now require staff to document reasons for any rescheduled or missed target dates, increasing accountability and enabling more transparent oversight. Since December 2025, detailed scheduling data has supported new Health Services Division dashboards—such as "Consults Changes" and "Pending Consults"—that allow institutions to monitor timeliness, identify bottlenecks, and take corrective action through local Utilization Review Committees. These real-time monitoring tools strengthen the BOP's ability to intervene early and maintain continuity of care.

To address disparities in colorectal cancer (CRC) screening rates identified by the OIG, BOP implemented a comprehensive standardization effort across all institutions. Each facility developed a written CRC Screening Program Guide outlining procedures for identifying eligible inmates, offering screening tests, assigning staff roles, and documenting activities. These guides, based on a national template, were supported by targeted training for Health Services Administrators and Quality Improvement staff. Annual reviews by Regional Health Services personnel ensure ongoing oversight and responsiveness to operational challenges. Clinical guidance now designates the fecal immunochemical test (FIT) as the preferred screening method, improving accessibility and consistency. BEMR procedures were updated to require standardized ICD-10 coding for risk-factor documentation, and enhancements to the CRC Screening Dashboard improve identification of higher-risk inmates.

To reduce burdens associated with off-site specialty care, BOP expanded telehealth capacity—including pre-colonoscopy evaluations—and required retrospective reviews of prior positive tests to ensure timely follow-up. These measures create a more uniform, data-driven, and clinically accountable CRC screening program.

The Bureau also strengthened its compassionate release framework following the OIG's investigation into the Frederick Mervin Bardell case. The September 2026 revision of Program Statement 5050.51 broadened eligibility to include inmates whose serious medical conditions require specialized or long-term care that the BOP cannot adequately provide without significant disruption to facility operations. The revised policy emphasizes assessing an inmate's actual care needs and the Bureau's ability to meet them, rather than focusing solely on diagnoses. All medically based requests must now include consultation with a qualified medical professional, ensuring clinical expertise is incorporated throughout the review process.

Finally, BOP implemented targeted corrective actions in response to OIG inspections at Federal Detention Center SeaTac and United States Penitentiary Canaan. At SeaTac, the institution is improving logging of sick-call requests in BEMR, converting a vacant position to support onsite laboratory operations, and using temporary staff to resolve laboratory backlogs. At Canaan, corrective actions focus on safe restraint practices, including updated training, refresher instruction on documentation and least-restrictive measures, and ongoing Executive Staff reviews to ensure compliance and prompt resolution of concerns.

Across these initiatives—strengthening clinical staffing, reducing service delays, standardizing preventive-care programs, updating compassionate release policy, and addressing conditions-of-confinement deficiencies—the BOP is demonstrating measurable progress in improving healthcare delivery, operational consistency, and accountability in response to OIG-identified challenges.

Contraband and Security

The OIG cited contraband as one of the most persistent and consequential threats to the safety, order, and integrity of BOP institutions. The BOP is aggressively focused on addressing the threat posed by contraband, recognizing that narcotics, weapons, and unauthorized communication devices endanger inmates and staff, and fundamentally undermine institutional stability. In response, BOP has reinforced that contraband interdiction is central to its mission and has advanced a comprehensive, multi-layered strategy that integrates strengthened security operations, targeted technology , and enhanced accountability mechanisms. This focused approach reflects the Bureau's unwavering commitment to eliminating contraband and protecting the safety and order of its institutions.

The BOP employs a broad, layered approach to contraband mitigation, combining physical searches, advanced detection technology, intelligence gathering, K-9 teams, targeted operations, and a strict zero-tolerance posture. This strategy is designed not only to intercept contraband but to disrupt the networks—both internal and external—that facilitate its movement. Recognizing the evolving sophistication of contraband methods and the vulnerabilities inherent in aging infrastructure, the BOP continues to modernize its systems and processes.

The President's FY 2027 Budget includes a proposed $46 million program increase for Off-Site Inmate Mail Scanning and Inmate Attorney-Client Email, will greatly assist with reducing contraband infiltration through mail while safeguarding secure legal and community communication channels. These investments help address OIG findings regarding drug-laced mail and other introduction pathways that have contributed to overdoses, violence, and operational disruptions in federal institutions.

Employee Misconduct Controls

Given the heightened risks posed when contraband is introduced through staff corruption, the BOP has implemented significant reforms to improve the consistency, timeliness, and transparency of its employee-misconduct process. In 2026, the BOP centralized the investigation of employee misconduct to ensure uniform handling of allegations across all institutions.

The agency also implemented a nationwide centralized discipline program, which has already resulted in substantially reduced processing times. To support this expanded workload, the Employment Relations team was increased from 6 to 22 specialists and supervisors, significantly improving capacity to manage and adjudicate cases. The Office of Internal Affairs (OIA) continues to work aggressively to reduce investigative backlogs, expedite case reviews, and provide leadership with timely insight into misconduct trends to support early intervention and prevention. OIA, the Office of General Counsel, and the Human Resource Management Division are jointly reviewing remaining backlog cases to ensure all discipline matters are resolved appropriately and efficiently.

Together, these changes enhance the BOP's ability to detect, investigate, and prevent employee-facilitated contraband activity and strengthen institutional accountability and culture.

Security-Camera Modernization

Security cameras are essential tools in preventing, detecting, and reconstructing contraband incidents, assaults, and operational failures. The BOP continues to prioritize completion of its systemwide security-camera upgrade project and has made substantial progress toward modernization.

As of October 2026:

- Fiber installation has been completed at 108 of 120 institutions.
- All upgrade elements—fiber and camera installation—have been completed at 34 institutions.
- 74 additional institutions have been fully funded for camera installation.
- 12 institutions still require funding to complete fiber or camera installation.

To accelerate progress, the BOP awarded two large-scale contracts—one for contractor-installed cameras and another for remaining fiber installation—and will utilize Facilities Strike Teams to help complete outstanding work. Approximately 10,000 cameras still require installation or upgrades, and the BOP remains on track to finish all camera and fiber enhancements by December 2027.

Beyond installation efforts, the BOP has begun incorporating enhanced video-retention planning and system-capacity assessments to ensure facilities are prepared to operationalize upgraded technology effectively. These improvements will significantly strengthen investigative capabilities, enhance situational awareness, and reduce blind spots that historically hindered OIG and internal investigations.

Through comprehensive contraband-interdiction strategies, strengthened employee-misconduct controls, and ongoing modernization of security-camera infrastructure, the BOP is addressing the systemic security deficiencies identified by the OIG and reinforcing institutional safety across the federal correctional system. While modernization efforts continue, the BOP has established a clear strategic framework, invested in targeted technological upgrades, and taken meaningful action to increase accountability and prevent contraband-related harm. These steps reflect the BOP's sustained commitment to ensuring safe, secure, and orderly operations.

First Step Act Implementation and Measuring Results

The BOP has taken significant steps to strengthen its implementation of the First Step Act (FSA), addressing OIG-identified challenges in program oversight, financial management, data accuracy, and measurable outcomes. To improve consistency and transparency, the BOP launched an enhanced FSA Dashboard in June 2026 that centralizes program availability, waitlists, completions, performance metrics, and inmates' risk-and-needs statuses. The agency also issued a national directive requiring FSA Committees to audit and correct program-assignment data to ensure accuracy and reliability across institutions.

To reinforce national-level governance, the BOP established a dedicated First Step Act Office in September 2026, consolidating oversight of policies, programs, budget execution, staffing, training, and statutory compliance. The office oversees FSA Time Credits and expansion of evidence-based recidivism-reduction programs while issuing directives that strengthen consistency among institutions. Complementing these reforms, the BOP conducted a

comprehensive review of FY 2026 FSA expenditures to ensure alignment with statutory intent, resolved financial-attribution issues related to prior-year telephone-call funding, and increased oversight of Department of Labor Partners for Reentry Opportunities in Workforce Development (PROWD) grant activities through improved monitoring, reporting, and collaboration.

Collectively, these actions demonstrate a sustained commitment to improving FSA administration, strengthening fiscal stewardship, and addressing operational barriers to program delivery. By modernizing data systems, expanding governance structures, and enhancing oversight of grant-funded programming, the BOP has made measurable progress in advancing evidence-based rehabilitation, reducing recidivism risk, and supporting the safe and effective reintegration of individuals returning to the community.

Challenge 2: Safeguarding National Security

Safeguarding the United States against national security threats requires a coordinated, multi-component strategy that integrates intelligence, investigative capabilities, cyber defense, financial enforcement, and interagency collaboration. In FY 2026, DOJ continued to strengthen its national security posture through enhanced operational coordination, significant enforcement actions targeting nation-state adversaries, modernization of cyber defense capabilities, and strengthened oversight of sensitive authorities.

Enhancing Investigative and Operational Coordination

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) continued to enhance its investigative capabilities in matters involving firearms, explosives, arson, and trafficking—areas that increasingly intersect with national security priorities. ATF deepened its coordination with DOJ components and law enforcement partners to ensure that investigations with national-security implications are managed using integrated intelligence, shared operational resources, and specialized technical support. This collaborative posture strengthens DOJ's ability to disrupt violent networks, prevent extremist activity, and ensure accountability in cases involving weapons and explosives.

Countering Nation-State Threats and Disrupting Illicit Financial Networks

The Department deployed a full spectrum of tools to counter threats posed by hostile nation-states, particularly Iran. The Criminal Division's Money Laundering, Narcotics, and Forfeiture Section (MNF) led major efforts to dismantle Iran-linked illicit financial operations and prevent the Islamic Revolutionary Guard Corps (IRGC) from accessing or exploiting the U.S. financial system. These efforts include actions against global financial institutions, shadow-banking networks, and complex asset structures used to fund sanctions-evasion and state-sponsored terrorism.

Examples include:

- Oil Tanker Skipper Forfeiture Action (Feb 2026) – MNF filed a civil forfeiture complaint seeking to forfeit the Motor Tanker Skipper and its 1.8 million barrels of Venezuelan-sourced crude oil, alleging the tanker and cargo served as a source of influence for IRGC-QF, a designated Foreign Terrorist Organization.
- Shamkhani Network Financial Forfeiture (Mar 2026) – MNF filed forfeiture complaints against $15 million linked to the Shamkhani network, a constellation of entities facilitating Iranian oil sales in violation of U.S. sanctions, concealing the origin of commodities, and channeling funds to support illicit distribution operations.

These cases reflect a broader DOJ effort that, since 2010, has imposed serious consequences on institutions facilitating Iran's illicit financial activities—deterring misconduct and denying hostile actors access to the U.S. financial system.

Strengthening Cybersecurity and Combating Cyber-Enabled Threats

Cyber threats from both nation-state actors and transnational cybercriminal organizations continued to evolve in scale and sophistication. DOJ's Computer Crime and Intellectual Property Section (CCIPS) worked with domestic and foreign partners to dismantle cybercriminal infrastructure, prosecute transnational actors, and seize criminal assets. These operations resulted in arrests, extraditions, and meaningful disruption of long-standing cybercrime networks.

In a noteworthy development, CCIPS also investigated corrupt cybersecurity insiders who exploited ransomware victims by simultaneously assisting attackers. These prosecutions resulted in felony convictions and multi-year prison sentences, demonstrating DOJ's commitment to holding accountable those who undermine cybersecurity from within.

Additionally, the Chief of CCIPS was appointed Executive Director of DOJ's program under National Security Presidential Memorandum, Expanding Capabilities to Combat Transnational Cyber-Enabled Crime, which establishes a cutting-edge public-private framework to combat cybercrime. This initiative leverages DOJ's prosecutorial authorities alongside private-sector innovation to more effectively identify, prevent, and disrupt cyber-enabled threats.

Continued Oversight and Improvement of Sensitive Intelligence Authorities

The FBI implemented several measures to address and close out the recommendations in the OIG's Report 26-002 regarding the FBI's querying practices under Section 702 of the Foreign Intelligence Surveillance Act.

The FBI has committed to limit preapprovals for U.S. person queries of Section 702 acquired information exclusively to attorneys. In addition, the Office of Internal Auditing (OIA) will continue reviewing all U.S. person queries of Section 702 acquired information in the near term. OIA also maintains regular coordination with the National Security Division to ensure appropriate coverage and cadence for these reviews.

Consistent with standard FBI recordkeeping policies, the FBI will continue maintaining records of all sensitive query requests approved by the Deputy Director (DD), as only approved requests result in sensitive queries. Establishing a separate method to track draft requests that do not reach formal approval would require additional resources without providing additional privacy protections for U.S. persons, an issue central to congressional intent in enacting the Reforming Intelligence and Securing America Act. Additionally, the Office of the Deputy Director will maintain a subfile within the main sensitive query case file documenting any sensitive query requests the DD declines to approve. The DD or designee is responsible only for documenting requests that reach the DD for decision.

Cybersecurity Modernization and Supply-Chain Risk Mitigation

Managing emerging technologies, rapidly expanding cyber threats, and digital-infrastructure vulnerabilities remains a core national-security priority. Throughout FY 2026, DOJ strengthened its cybersecurity posture through coordinated initiatives aligned with guidance from the Office of Management and Budget (OMB) and the Department of Homeland Security (DHS). The Department maintained an overall effective rating for its cybersecurity program and advanced several key initiatives:

- Expanded use of supply-chain threat assessments to reduce the risks associated with software and hardware acquisitions;
- Strengthened IT acquisition review processes to ensure security requirements are embedded throughout procurement lifecycles;
- Implemented technology modernization strategies to refresh outdated infrastructure and better support mission-critical operations;
- Pursued integration of emerging technologies to enhance operational capabilities, mission delivery, data security, and workforce efficiency.

These efforts are critical to staying ahead of rapidly evolving cyber and technological threats while ensuring DOJ systems protect sensitive investigative and intelligence data.

Safeguarding national security requires a unified Department-wide effort spanning criminal enforcement, intelligence oversight, cyber operations, and interagency collaboration. In FY 2026, DOJ strengthened its national-security posture through coordinated operations across ATF, the Criminal Division, CCIPS, NSD, and the FBI; high-impact actions targeting nation-state adversaries; modernization of cybersecurity and IT infrastructure; and demonstrated compliance improvements in sensitive intelligence programs.

Collectively, these initiatives reflect the Department's continued commitment to protecting the United States from terrorism, espionage, hostile foreign influence, and cyber-enabled threats, while ensuring its authorities are exercised lawfully, responsibly, and effectively.

Challenge 3: Combating Fentanyl Trafficking While Protecting Public Safety

The DOJ continues to confront the fentanyl crisis with an aggressive, coordinated, and multi-layered enforcement strategy aimed at dismantling the cartels and transnational criminal organizations (TCOs) that traffic fentanyl and endanger communities across the United States. Recognizing that fentanyl trafficking is supported by global supply chains, illicit financial systems, and violent criminal networks, the Department leverages the combined expertise, authorities, and partnerships of its components—including ATF, Drug Enforcement Administration (DEA), and key sections within the Criminal Division—to disrupt every link in the trafficking ecosystem.

Strengthening Cross-Component and Interagency Coordination

Coordination across DOJ components and with other agencies remains central to the Department's strategy to combat fentanyl trafficking. The ATF plays an important role where firearms, explosives, and violent crime intersect with fentanyl trafficking organizations. ATF's investigative expertise supports joint operations targeting drug-trafficking networks that rely on firearms-enabled violence to maintain territory, protect drug shipments, and retaliate against rivals. These partnerships help ensure that enforcement operations account for both narcotics and weapons threats, improving public-safety outcomes.

DOJ is addressing the fentanyl crisis through a comprehensive, multifaceted strategy ensuring federal, state, local, and international agencies are synchronized—from strategic planning to boots-on-the-ground enforcement—tackling fentanyl at every stage of its distribution. Below are examples of successful interagency field operations:

- Urban enforcement surges: In San Francisco, a short-term coordinated federal-local operation led by DOJ, DEA, and FBI resulted in 55 arrests and the seizure of over 1 kg of fentanyl.
- Regional enforcement sweeps: In the Western District of North Carolina, DOJ collaborated with DEA, FBI, ATF, Homeland Security Investigations, and United States Marshal Services through a multi-jurisdictional surge ("Operation Spring Cleaning"), charging 56 individuals and seizing more than 22 kg of fentanyl.
- Targeted street enforcement: In Portland, DOJ, FBI, DEA, and Portland Police formed a joint team to crack down on open-air fentanyl markets, leading to over 100 federal charges, 100 kg+ of fentanyl, 40 firearms, and $1.3 million in proceeds.

Targeting Cartels, TCOs, and Global Supply Chains

Under the President's directive to dismantle the fentanyl supply chain and eliminate trafficking cartels, the Department is taking historic action. DOJ continues to indict, extradite, and convict leaders of major cartels and TCOs responsible for producing, transporting, and distributing fentanyl. This approach is complemented by targeting the enablers who supply precursor chemicals, broker illicit shipments, or facilitate international distribution arrangements.

To confront the financial networks that sustain these operations, the Criminal Division consolidated its expert cartel and financial prosecutors to form the Money Laundering, Narcotics, and Forfeiture Section (MNF). This merger enhances the Department's capacity to address the full scope of fentanyl trafficking, from chemical procurement to banking channels to criminal proceeds.

MNF has already achieved significant results:

- Prosecution of Ismael "El Mayo" Zambada García—DOJ secured a life sentence and a $15 billion monetary judgment against the Sinaloa Cartel leader, dismantling one of the most entrenched criminal enterprises in the Western Hemisphere.
- Chinese Money Laundering Organization Conviction—In August 2026, DOJ secured a 15-year sentence and a $25 million judgment against a Chinese national responsible for laundering over $92 million in drug-trafficking proceeds.

The FBI and DEA have made significant, coordinated gains in dismantling cartel networks, disrupting global drug supply chains, and countering the accelerating fentanyl crisis. Working alongside U.S. Attorneys' Offices and other federal partners, both agencies have targeted every layer of cartel operations—from international precursor chemical suppliers and top-level cartel leadership to street-level distribution networks in American cities.

The DEA has spearheaded efforts to attack the global fentanyl pipeline at its source, focusing on major cartels—particularly the Sinaloa Cartel and Cartel Jalisco Nueva Generación (CJNG)—and the foreign chemical manufacturers that supply them. Since 2021, DEA operations have resulted in the extradition of more than 50 cartel members from Mexico to the United States and the prosecution of multiple Chinese chemical companies and executives responsible for shipping fentanyl precursors into Mexico and directly into the United States. DEA seizures have reached historic levels; in 2024 alone, agents intercepted more than 30 million fentanyl pills and over 4,100 pounds of fentanyl powder—over 208 million potentially lethal doses—while arresting more than 2,100 individuals for fentanyl-related offenses. These operations have been reinforced by a nationwide network of more than 300 DEA state and local task forces, which act as force multipliers by embedding local officers into federal investigations.

The FBI, working in tandem with the DEA, has played a pivotal role in disrupting cartel-controlled trafficking networks inside the United States. In Portland, Oregon, for example, FBI agents joined DEA and local police in a multi-year enforcement initiative targeting open-air fentanyl markets. This collaboration resulted in more than 100 federal prosecutions, along with the seizure of over 100 kilograms of fentanyl, 40 firearms, and $1.3 million in drug proceeds. The FBI is also a key contributor to Homeland Security Task Force efforts, supporting interagency operations that focus on cartel activity, financial crimes, weapons trafficking, and cross-border drug smuggling.

On the global stage, both the FBI and DEA have been central to major international darknet investigations. Through the Joint Criminal Opioid and Darknet Enforcement (JCODE) program, they worked with international partners to execute Operation RapTor, one of the most sweeping actions ever taken against darknet-based drug trafficking. This operation led to 270 arrests across four continents and the seizure of more than two metric tons of drugs, including 144 kilograms of fentanyl or fentanyl-laced substances, along with over 180 firearms and more than $200 million in digital and physical assets. By dismantling darknet marketplaces such as Nemesis, Tor2Door, Bohemia, and Kingdom Market, the FBI and DEA generated vital intelligence that continues to expose global trafficking networks.

Large domestic surge operations further underscore the agencies' collaborative success. In the Carolinas, the FBI and DEA joined HSI, ATF, and the U.S. Marshals Service for Operation Spring Cleaning, a multistate effort that yielded 56 federal charges, the seizure of more than 254 kilograms of drugs—including over 22 kilograms of fentanyl—110 illegal firearms, and the apprehension of 157 fugitives.

Together, these accomplishments demonstrate the strength of FBI and DEA coordination in confronting cartels and TCOs. From taking down executive-level traffickers and intercepting

international supply streams to dismantling local distribution hubs and darknet markets, their combined efforts reflect a comprehensive, layered, and increasingly global approach to combating the fentanyl crisis and the criminal organizations behind it.

Disrupting Violent Domestic Distribution Networks

The Criminal Division's Violent Crime and Racketeering Section has targeted violent street gangs responsible for distributing fentanyl at the community level. Recent enforcement actions include:

- A 12-year sentence for a Fully Blooded Felons gang member involved in RICO conspiracy, drug trafficking, and firearms crimes—operations that included seizure of ¾ pound of fentanyl from a single trap house.
- Convictions of three members of the Highs gang for RICO and drug-trafficking offenses related to fentanyl sourced from Arizona.
- The Houston Violent Crime Initiative, charging more than 39 defendants and seizing over 1.7 kilograms of fentanyl and 248 kilograms of methamphetamine, including fentanyl-laced pills.
- Sentences of up to 210 months for members of the Young Mob gang, who distributed significant quantities of fentanyl in Memphis.

These cases highlight DOJ's commitment to dismantling violent local gangs that serve as key distribution nodes for cartel-supplied fentanyl.

Ongoing Oversight and Evaluation

In August 2026, the OIG initiated a review examining how federal investigators conduct operations involving fentanyl when they have specific knowledge or probable cause that fentanyl will be moved, stored, or distributed at identifiable locations. As this review remains in the Request for Information phase, the Department awaits any recommendations that may follow.

Additionally, the May 2024 GAO engagement evaluating DEA's efforts to combat online fentanyl sales resulted in two recommendations to improve DEA's lead-generation processes and communication with internet-based companies. DEA completed both recommendations in June 2026 and submitted the Congressional Response Letter on October 1, 2026, closing the engagement and demonstrating its commitment to improved information sharing and operational responsiveness.

Cutting Off Illicit Financial Networks

A critical pillar of DOJ's strategy is to sever the financial lifelines that enable fentanyl trafficking. This includes targeting Chinese Money Laundering Organizations, shadow-banking systems, and networks that obscure the origins of illicit proceeds. By combining narcotics enforcement with financial-crime prosecutions and aggressive forfeiture strategies, DOJ is:

- Removing profit incentives,
- eliminating operational capacity, and
- weakening global networks that facilitate fentanyl distribution.

This financial disruption strategy ensures that traffickers face consequences not only for drug

trafficking but also for exploiting the international financial system.

Through coordinated enforcement operations, strengthened inter-component collaboration, targeted action against cartel leaders and financial facilitators, and decisive dismantling of violent street-level distributors, the Department of Justice continues to advance its mission to protect the public from the devastating impact of fentanyl. The Department's multi-layered strategy—focused on eradication of trafficking networks, disruption of financial pipelines, and improved national oversight—demonstrates a comprehensive, aggressive, and measurable approach to combating this deadly epidemic.

Challenge 4: Protecting the Federal Government and American Taxpayer from Fraud

The Department has made significant strides in modernizing its fraud-prevention capabilities and strengthening enforcement efforts to protect federal resources and the American taxpayer. Fraud schemes targeting federal programs continue to grow in complexity, scale, and technological sophistication, requiring the Department to adopt a coordinated, data-driven, and enterprise-wide strategy. In FY 2026, DOJ advanced this mission through major improvements in payment-integrity controls, expansion of advanced analytic tools, and the continued build-out of the newly established Fraud Division, which is transforming the federal fraud-enforcement landscape.

Transforming Fraud Enforcement Through the Fraud Division

Since its creation in April 2026, the Department's Fraud Division has rapidly expanded its national presence and demonstrated its value through complex enforcement actions representing billions in fraud. The Division consolidates specialized expertise across tax enforcement, procurement fraud, healthcare fraud, global-trade violations, corporate misconduct, and asset recovery—allowing DOJ to respond more efficiently, consistently, and strategically to major fraud schemes.

The Division's establishment is part of a two-year expansion plan that will significantly increase its workforce and enable greater coordination with U.S. Attorneys' Offices, federal law-enforcement agencies, and regulatory partners. Its prosecutors are supported by a comprehensive expert cadre, including:

- Asset-recovery attorneys and investigators
- Top-tier appellate counsel
- A dedicated privilege-review team
- Corporate-enforcement specialists
- Litigation-support technologists
- Data-science professionals and advanced analytic resources

This multidisciplinary approach allows the Fraud Division to investigate, analyze, and dismantle complex schemes with unprecedented precision

Strengthening Nationwide Coordination and Early Detection

The Fraud Division's Strategic Enforcement Section has enhanced national coordination by embedding a Fraud Division prosecutor in each of the 94 judicial districts, strengthening collaboration and ensuring a consistent approach to deterrence, restitution, and forfeiture. The Division has also established the National Fraud Detection Center, which leverages advanced analytic tools to identify emerging fraud schemes earlier, break down data silos, and reduce gaps in information sharing.

With these new structures in place, the Division has already conducted multiple enforcement surges targeting:

- Fraud schemes exploiting vulnerable populations
- Illegal practices disrupting fair economic competition
- Fraud involving international trade
- Fraud targeting critical federal programs and benefits

These operations have resulted in billions of dollars in recoveries and the seizure or forfeiture of millions in illicit proceeds, delivering clear and measurable protections for taxpayers.

Through modernized payment-integrity controls, advanced fraud-detection tools, and the rapid expansion of the Fraud Division, DOJ now operates a more unified, data-driven, and effective fraud-enforcement enterprise. Earlier detection, increased investigative capacity, strengthened financial controls, and improved coordination across components collectively enhance the Department's ability to prevent fraud, hold offenders accountable, and safeguard taxpayer funds.

The Department remains committed to continuing these efforts—expanding analytic capabilities, refining operational workflows, and building a fraud-resilient enterprise capable of protecting federal programs and the public from evolving threats.

Strengthening Payment Integrity Through Do Not Pay (DNP) Integration

DOJ completed the OMB-and Treasury-mandated onboarding for the Do Not Pay (DNP) program, a critical step in preventing improper payments before they occur. The Department updated all necessary System of Records Notices (SORNs), Program Access Lists, and Data Sharing Agreements, and identified two programs—Radiation Exposure Compensation Act and the 9/11 Victim Compensation Fund—that qualify for a matching-agreement waiver under OMB Memo M-25-32. The Department published the required Federal Register notice, with the rule taking effect on September 30, 2026.

All DOJ components except Federal Prison Industries are now using DNP Batch Matching and Continuous Monitoring tools to screen vendor data and payment files against authoritative databases. Verified death-record matches are automatically ingested into DOJ's financial-management system, triggering flags to prevent payments to ineligible vendors. Payment files transmitted to Treasury undergo a final DNP check prior to disbursement. DOJ expects full deployment of DNP Batch Matching and Continuous Monitoring by December 31, 2026.

The Department also implemented Treasury Payment Verification, enabling identity, eligibility, and bank-account verification before disbursements are issued. As of October 1, 2026, DOJ

screens for deceased vendors, tax identification numbers, and bank-account discrepancies—further reducing the risk of improper or fraudulent payments.

Expanding DOJ's Fraud-Prevention Toolkit

Beginning in FY 2027, DOJ is expanding its fraud-prevention capabilities to safeguard federal financial integrity through adoption of CGI Federal's Fraud, Waste, and Abuse Prevention Platform. This system provides continuous monitoring of vendors and transactions using SI-driven technology and extensive open-source intelligence records. The platform enables early identification of high-risk activity, giving DOJ components the ability to intervene before fraudulent transactions occur. These enhancements add depth and predictive power to DOJ's financial-integrity controls and improve governmentwide efforts to curb fraud.

Challenge 5: Managing Human Capital in a Reduced-Workforce Environment

Reduced staffing levels—especially in positions requiring advanced legal, technical, or investigative expertise—risk diminishing mission capability across components. In response, DOJ has implemented targeted hiring, retention, and workforce-planning strategies to preserve critical functions and stabilize the workforce.

DOJ-Wide Workforce Data Modernization and Workforce Planning

To support data-driven workforce management DOJ-wide, the Assistant Attorney General for Administration is leading a large-scale cleanup of outdated personnel records. This effort enhances data integrity and improves leadership's ability to forecast mission needs, allocate resources, and identify critical skill gaps.

DOJ is also partnering with the Office of Personnel Management to implement coreHCM, a next-generation human capital management platform that will:

- deliver granular, real-time data on staffing levels, attrition, and workforce demographics;
- support more accurate recruitment and workforce planning; and
- help components identify where staffing reductions pose unacceptable mission risk.

Enterprise Hiring Flexibilities and Strategic Hiring Planning

In response to the Department's recognition that workforce reductions can obscure mission degradation at the section or skill level, Justice Management Division's Office of Human Capital (OHC) is utilizing a full suite of hiring flexibilities. These include:

- shared certificates;
- TECH FORCE support for technical hiring;
- direct-hire and expedited hiring authorities;
- continuous engagement with HR staff and component leadership to identify and fill critical roles.

OHC also developed a comprehensive Strategic Hiring Plan that prioritizes recruitment of attorneys, agents, and correctional officers—positions foundational to national security, public safety, and law-enforcement missions. This plan is continuously refined to maintain a strong applicant pipeline for critically needed positions.

Strengthening IT and Cyber Workforce Capacity

The Department recognizes that recruiting and retaining IT and cybersecurity personnel is essential to protecting DOJ systems and national-security information. Under an enterprise operating model, DOJ is:

- consolidating IT and cybersecurity personnel under the Office of the Chief Information Officer (OCIO), enabling improved workload balancing, shared expertise, and consistent service delivery;
- preserving specialized technical expertise essential for mission-critical operations; and
- continuing to utilize its IT and Cybersecurity Retention Incentive Program, aligned with 5 CFR § 575, to retain high-demand cyber talent.

These initiatives reinforce DOJ's capacity to respond to evolving cyber threats and maintain secure, resilient IT infrastructure.

Contracting Workforce Development

The Office of Acquisition Management's Procurement Support Staff (PSS) has highlighted the urgent need to fill vacant 1102 operational contracting positions and Procurement Analyst roles, which are essential for supporting mission-critical procurements. PSS is:

- identifying skill gaps;
- developing structured training pathways;
- strengthening retention of experienced contracting officers; and
- addressing increased workload pressures that stem from staffing shortages.

Strengthening this workforce is essential to ensuring effective procurement oversight and enabling DOJ components to acquire critical resources efficiently.

Across the Department, components are taking strategic, targeted, and innovative actions to mitigate the risks of a reduced workforce. Although recruitment and retention challenges remain—particularly for specialized roles—DOJ's combined efforts to modernize workforce data, strengthen hiring flexibilities, consolidate mission-critical functions, and reinforce retention incentives have produced meaningful progress.

By continuing to invest in human capital, leveraging enterprise tools, and implementing forward-looking workforce strategies, the Department is working to ensure mission continuity, safeguard critical operations, and maintain the skilled federal workforce needed to uphold public safety, national security, and the rule of law.

Challenge 6: Ensuring the Integrity and Fairness of Department Investigations and Prosecutions

The Department of Justice emphasizes integrity, fairness, and accountability in its investigative and prosecutorial work, with the Office of Professional Responsibility (OPR) serving as a central guardian of ethical standards. Despite resource constraints, OPR fulfilled its mission through disciplined case management, dedicated staff, and effective use of technology. In Fiscal Year 2026, OPR reviewed more than 2,000 complaints, completed eight full investigations involving issues such as lack of candor and misuse of new technologies, resolved 35 inquiries without opening full investigations, and closed 41 FBI whistleblower retaliation cases—demonstrating both its broad oversight role and its commitment to protecting those who report wrongdoing.

OPR's ability to maintain timely and fair case resolution amid diminished staffing reflects several strategic measures, including staff taking on expanded portfolios, close managerial review of case intake and triage, and the integration of new technology to improve workflow efficiency. Updated procedures also enhanced consistency, documentation, and transparency, ensuring that each investigative conclusion rests on rigorous application of law and policy.

Looking forward, OPR will continue working with Department leadership to secure staffing and resources that match its expanding oversight responsibilities. As caseloads grow and emerging technologies introduce new ethical challenges, adequate resourcing will be essential to sustaining the Department's integrity framework and ensuring that DOJ attorneys uphold the high standards expected by the Department, the courts, and the public.

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The Department appreciates the OIG's work in helping to improve our transparency, productivity, and effectiveness. Components across the Department continue to address OIG's findings and conclusions, and implement recommended actions, including those highlighted in this report. The Department looks forward to cooperating with the Inspector General on these matters and on future audits, investigations, and reviews.

Department of Justice's Response to the Office of the Inspector General's Report on the Top Management and Performance Challenges

The mission of the Department of Justice (Department or DOJ) is to uphold the rule of law, keep our country safe, and protect civil rights. The Department established a Fiscal Year (FY) 2026–2030 Strategic Plan to fulfill its mission in alignment with the President's Management Agenda and advance the Attorney General's vision for years to come. The Strategic Plan establishes objectives and performance measures that enable the Department to assess its progress for the following goals.

Strategic Goal 1: Keep our Country Safe and Secure

Strategic Goal 2: Uphold the Rule of Law and Protect the Rights of American Citizens

Strategic Goal 3: Modernize the Department of Justice

The Department is committed to addressing and collaborating on the top management challenges that the Office of the Inspector General (OIG) identified.

The OIG plays an important role in ensuring that the Department accomplishes its mission effectively and efficiently. The OIG holds Department personnel accountable for misconduct; protects whistleblowers from reprisal; and detects and deters government waste, fraud, and abuse. As part of this work, and as required by statute, OIG annually identifies what it considers to be the top management and performance challenges facing the Department. For 2026, the OIG identified the following six top management and performance challenges facing the Department:

- Managing the Federal Correctional System
- Safeguarding National Security
- Combating Fentanyl Trafficking While Protecting Public Safety
- Protecting the Federal Government and American Taxpayer from Fraud
- Managing Human Capital in a Reduced-Workforce Environment
- Ensuring the Integrity and Fairness of Department Investigations and Prosecutions

Challenge 1: Managing the Federal Correctional System

The Department's OIG identified management issues affecting the federal corrections system such as staffing and institutional operations, healthcare and conditions of confinement, and contraband and security. The Federal Bureau of Prisons (BOP), is responding to these challenges and, as such, is pursuing the following actions and initiatives.

Staffing and Institutional Operations

Employee well-being and institutional safety remain the BOP highest priorities, driving a broad modernization of recruitment, hiring, retention, and workforce-management practices. Using

expanded hiring authorities and updated internal processes, the BOP streamlined suitability reviews, shortened announcement periods, automated incentives and age-waiver processing, and broadened applicant pathways to strengthen staffing nationwide and meet the demands of an evolving correctional environment.

To address systemic challenges and improve hiring consistency, the BOP launched Operation Full Strength on October 1, 2026, centralizing hiring operations and accelerating onboarding across institutions. Recruitment Strike Teams conducted sixteen targeted hiring events in locations with the most acute staffing shortages, while continued use of direct-hire authority, reduction of the Learning Management System backlog, implementation of new analytics tools, extended maximum-entry-age waivers, and special salary-rate requests further improved hiring velocity and training access.
In alignment with the One Big Beautiful Bill Act, the BOP also established FY 2026 hiring goals and implemented a tiered staffing-support model to direct incentives to the most understaffed facilities and mission-critical occupations. These collective efforts produced measurable gains, including increased overall hiring and improved healthcare staffing. While work remains ongoing, the BOP's modernization initiatives, new authorities, and targeted incentives are strengthening its ability to attract, hire, and retain personnel, improving workforce sustainability and ensuring safer, more effective operations for employees and inmates alike.

Healthcare and Conditions of Confinement

The BOP has undertaken a comprehensive set of reforms to improve inmates' access to adequate healthcare and address systemic deficiencies identified by the OIG. Recognizing that healthcare access is fundamental to both inmates well-being and institutional stability, the BOP has focused on strengthening clinical staffing pipelines, improving the timeliness and quality of medical services, standardizing preventive-care programs, and reinforcing conditions-of-confinement safeguards across its facilities.

The BOP has advanced several systemwide initiatives to strengthen medical staffing, improve timely access to care, standardize preventive-care practices, and address deficiencies identified in OIG reviews. Together, these reforms enhance the agency's ability to provide consistent, accountable, and high-quality correctional healthcare.

BOP expanded its medical recruitment and retention tools through a partnership with the Health Resources and Services Administration, significantly increasing access to National Health Service Corps student loan repayment opportunities. Currently, 212 healthcare professionals are receiving repayment assistance, creating a strong incentive for clinicians to work in federal correctional settings. To further broaden hiring flexibility, BOP is exploring the extension of Title 38 authorities to 13 additional healthcare disciplines. This would allow the use of competitive federal healthcare compensation and hiring mechanisms, improving the Bureau's ability to recruit and retain qualified clinicians across diverse specialties.

The agency has also made substantial progress in reducing delays in medical appointment scheduling and completion. Enhancements to the Bureau Electronic Medical Record (BEMR) now require staff to document reasons for any rescheduled or missed target dates, increasing accountability and enabling more transparent oversight. Since December 2025, detailed scheduling data has supported new Health Services Division dashboards—such as "Consults Changes" and "Pending Consults"—

that allow institutions to monitor timeliness, identify bottlenecks, and take corrective action through local Utilization Review Committees. These real-time monitoring tools strengthen the BOP's ability to intervene early and maintain continuity of care.

To address disparities in colorectal cancer (CRC) screening rates identified by the OIG, BOP implemented a comprehensive standardization effort across all institutions. Each facility developed a written CRC Screening Program Guide outlining procedures for identifying eligible inmates, offering screening tests, assigning staff roles, and documenting activities. These guides, based on a national template, were supported by targeted training for Health Services Administrators and Quality Improvement staff. Annual reviews by Regional Health Services personnel ensure ongoing oversight and responsiveness to operational challenges. Clinical guidance now designates the fecal immunochemical test (FIT) as the preferred screening method, improving accessibility and consistency. BEMR procedures were updated to require standardized ICD-10 coding for risk-factor documentation, and enhancements to the CRC Screening Dashboard improve identification of higher-risk inmates.

To reduce burdens associated with off-site specialty care, BOP expanded telehealth capacity—including pre-colonoscopy evaluations—and required retrospective reviews of prior positive tests to ensure timely follow-up. These measures create a more uniform, data-driven, and clinically accountable CRC screening program.

The Bureau also strengthened its compassionate release framework following the OIG's investigation into the Frederick Mervin Bardell case. The September 2026 revision of Program Statement 5050.51 broadened eligibility to include inmates whose serious medical conditions require specialized or long-term care that the BOP cannot adequately provide without significant disruption to facility operations. The revised policy emphasizes assessing an inmate's actual care needs and the Bureau's ability to meet them, rather than focusing solely on diagnoses. All medically based requests must now include consultation with a qualified medical professional, ensuring clinical expertise is incorporated throughout the review process.

Finally, BOP implemented targeted corrective actions in response to OIG inspections at Federal Detention Center SeaTac and United States Penitentiary Canaan. At SeaTac, the institution is improving logging of sick-call requests in BEMR, converting a vacant position to support onsite laboratory operations, and using temporary staff to resolve laboratory backlogs. At Canaan, corrective actions focus on safe restraint practices, including updated training, refresher instruction on documentation and least-restrictive measures, and ongoing Executive Staff reviews to ensure compliance and prompt resolution of concerns.

Across these initiatives—strengthening clinical staffing, reducing service delays, standardizing preventive-care programs, updating compassionate release policy, and addressing conditions-of-confinement deficiencies—the BOP is demonstrating measurable progress in improving healthcare delivery, operational consistency, and accountability in response to OIG-identified challenges.

Contraband and Security

The OIG cited contraband as one of the most persistent and consequential threats to the safety, order, and integrity of BOP institutions. The BOP is aggressively focused on addressing the threat posed by contraband, recognizing that narcotics, weapons, and unauthorized communication devices endanger inmates and staff, and fundamentally undermine institutional stability. In response, BOP has reinforced that contraband interdiction is central to its mission and has advanced a comprehensive, multi-layered strategy that integrates strengthened security operations, targeted technology modernization, and enhanced accountability mechanisms. This focused approach reflects the Bureau's unwavering commitment to eliminating contraband and protecting the safety and order of its institutions.

The BOP employs a broad, layered approach to contraband mitigation, combining physical searches, advanced detection technology, intelligence gathering, K-9 teams, targeted operations, and a strict zero-tolerance posture. This strategy is designed not only to intercept contraband but to disrupt the networks—both internal and external—that facilitate its movement. Recognizing the evolving sophistication of contraband methods and the vulnerabilities inherent in aging infrastructure, the BOP continues to modernize its systems and processes.
The President's FY 2027 Budget includes a proposed $46 million program increase for Off-Site Inmate Mail Scanning and Inmate Attorney-Client Email, will greatly assist with reducing contraband infiltration through mail while safeguarding secure legal and community communication channels. These investments help address OIG findings regarding drug-laced mail and other introduction pathways that have contributed to overdoses, violence, and operational disruptions in federal institutions.

Employee Misconduct Controls

Given the heightened risks posed when contraband is introduced through staff corruption, the BOP has implemented significant reforms to improve the consistency, timeliness, and transparency of its employee-misconduct process. In 2026, the BOP centralized the investigation of employee misconduct to ensure uniform handling of allegations across all institutions.

The agency also implemented a nationwide centralized discipline program, which has already resulted in substantially reduced processing times. To support this expanded workload, the Employment Relations team was increased from 6 to 22 specialists and supervisors, significantly improving capacity to manage and adjudicate cases. The Office of Internal Affairs (OIA) continues to work aggressively to reduce investigative backlogs, expedite case reviews, and provide leadership with timely insight into misconduct trends to support early intervention and prevention. OIA, the Office of General Counsel, and the Human Resource Management Division are jointly reviewing remaining backlog cases to ensure all discipline matters are resolved appropriately and efficiently.

Together, these changes enhance the BOP's ability to detect, investigate, and prevent employee-facilitated contraband activity and strengthen institutional accountability and culture.

Security-Camera Modernization

Security cameras are essential tools in preventing, detecting, and reconstructing contraband incidents, assaults, and operational failures. The BOP continues to prioritize completion of its systemwide security-camera upgrade project and has made substantial progress toward modernization.

As of October 2026:

- Fiber installation has been completed at 108 of 120 institutions.
- All upgrade elements—fiber and camera installation—have been completed at 34 institutions.
- 74 additional institutions have been fully funded for camera installation.
- 12 institutions still require funding to complete fiber or camera installation.

To accelerate progress, the BOP awarded two large-scale contracts—one for contractor-installed cameras and another for remaining fiber installation—and will utilize Facilities Strike Teams to help complete outstanding work. Approximately 10,000 cameras still require installation or upgrades, and the BOP remains on track to finish all camera and fiber enhancements by December 2027. Beyond installation efforts, the BOP has begun incorporating enhanced video-retention planning and system-capacity assessments to ensure facilities are prepared to operationalize upgraded technology effectively. These improvements will significantly strengthen investigative capabilities, enhance situational awareness, and reduce blind spots that historically hindered OIG and internal investigations.

Through comprehensive contraband-interdiction strategies, strengthened employee-misconduct controls, and ongoing modernization of security-camera infrastructure, the BOP is addressing the systemic security deficiencies identified by the OIG and reinforcing institutional safety across the federal correctional system. While modernization efforts continue, the BOP has established a clear strategic framework, invested in targeted technological upgrades, and taken meaningful action to increase accountability and prevent contraband-related harm. These steps reflect the BOP's sustained commitment to ensuring safe, secure, and orderly operations.

First Step Act Implementation and Measuring Results

The BOP has taken significant steps to strengthen its implementation of the First Step Act (FSA), addressing OIG-identified challenges in program oversight, financial management, data accuracy, and measurable outcomes. To improve consistency and transparency, the BOP launched an enhanced FSA Dashboard in June 2026 that centralizes program availability, waitlists, completions, performance metrics, and inmates' risk-and-needs statuses. The agency also issued a national directive requiring FSA Committees to audit and correct program-assignment data to ensure accuracy and reliability across institutions.

To reinforce national-level governance, the BOP established a dedicated First Step Act Office in September 2026, consolidating oversight of policies, programs, budget execution, staffing, training, and statutory compliance. The office oversees FSA Time Credits and expansion of evidence-based recidivism-reduction programs while issuing directives that strengthen consistency among institutions. Complementing these reforms, the BOP conducted a comprehensive review of FY 2026 FSA expenditures to ensure alignment with statutory intent, resolved financial-attribution issues

related to prior-year telephone-call funding, and increased oversight of Department of Labor Partners for Reentry Opportunities in Workforce Development (PROWD) grant activities through improved monitoring, reporting, and collaboration.

Collectively, these actions demonstrate a sustained commitment to improving FSA administration, strengthening fiscal stewardship, and addressing operational barriers to program delivery. By modernizing data systems, expanding governance structures, and enhancing oversight of grant-funded programming, the BOP has made measurable progress in advancing evidence-based rehabilitation, reducing recidivism risk, and supporting the safe and effective reintegration of individuals returning to the community.

Challenge 2: Safeguarding National Security

Safeguarding the United States against national security threats requires a coordinated, multi-component strategy that integrates intelligence, investigative capabilities, cyber defense, financial enforcement, and interagency collaboration. In FY 2026, DOJ continued to strengthen its national security posture through enhanced operational coordination, significant enforcement actions targeting nation-state adversaries, modernization of cyber defense capabilities, and strengthened oversight of sensitive authorities.

Enhancing Investigative and Operational Coordination

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) continued to enhance its investigative capabilities in matters involving firearms, explosives, arson, and trafficking—areas that increasingly intersect with national security priorities. ATF deepened its coordination with DOJ components and law enforcement partners to ensure that investigations with national-security implications are managed using integrated intelligence, shared operational resources, and specialized technical support. This collaborative posture strengthens DOJ's ability to disrupt violent networks, prevent extremist activity, and ensure accountability in cases involving weapons and explosives.

Countering Nation-State Threats and Disrupting Illicit Financial Networks

The Department deployed a full spectrum of tools to counter threats posed by hostile nation-states, particularly Iran. The Criminal Division's Money Laundering, Narcotics, and Forfeiture Section (MNF) led major efforts to dismantle Iran-linked illicit financial operations and prevent the Islamic Revolutionary Guard Corps (IRGC) from accessing or exploiting the U.S. financial system. These efforts include actions against global financial institutions, shadow-banking networks, and complex asset structures used to fund sanctions-evasion and state-sponsored terrorism.
Examples include:

- Oil Tanker Skipper Forfeiture Action (Feb 2026) – MNF filed a civil forfeiture complaint seeking to forfeit the Motor Tanker Skipper and its 1.8 million barrels of Venezuelan-sourced crude oil, alleging the tanker and cargo served as a source of influence for IRGC-QF, a designated Foreign Terrorist Organization.

- Shamkhani Network Financial Forfeiture (Mar 2026) – MNF filed forfeiture complaints against $15 million linked to the Shamkhani network, a constellation of entities facilitating Iranian oil sales in violation of U.S. sanctions, concealing the origin of commodities, and channeling funds to support illicit distribution operations.

These cases reflect a broader DOJ effort that, since 2010, has imposed serious consequences on institutions facilitating Iran's illicit financial activities—deterring misconduct and denying hostile actors access to the U.S. financial system.

Strengthening Cybersecurity and Combating Cyber-Enabled Threats

Cyber threats from both nation-state actors and transnational cybercriminal organizations continued to evolve in scale and sophistication. DOJ's Computer Crime and Intellectual Property Section (CCIPS) worked with domestic and foreign partners to dismantle cybercriminal infrastructure, prosecute transnational actors, and seize criminal assets. These operations resulted in arrests, extraditions, and meaningful disruption of long-standing cybercrime networks.

In a noteworthy development, CCIPS also investigated corrupt cybersecurity insiders who exploited ransomware victims by simultaneously assisting attackers. These prosecutions resulted in felony convictions and multi-year prison sentences, demonstrating DOJ's commitment to holding accountable those who undermine cybersecurity from within.

Additionally, the Chief of CCIPS was appointed Executive Director of DOJ's program under National Security Presidential Memorandum, Expanding Capabilities to Combat Transnational Cyber-Enabled Crime, which establishes a cutting-edge public-private framework to combat cybercrime. This initiative leverages DOJ's prosecutorial authorities alongside private-sector innovation to more effectively identify, prevent, and disrupt cyber-enabled threats.

Continued Oversight and Improvement of Sensitive Intelligence Authorities

The FBI implemented several measures to address and close out the recommendations in the OIG's Report 26-002 regarding the FBI's querying practices under Section 702 of the Foreign Intelligence Surveillance Act.

The FBI has committed to limit preapprovals for U.S. person queries of Section 702 acquired information exclusively to attorneys. In addition, the Office of Internal Auditing (OIA) will continue reviewing all U.S. person queries of Section 702 acquired information in the near term. OIA also maintains regular coordination with the National Security Division to ensure appropriate coverage and cadence for these reviews.

Consistent with standard FBI recordkeeping policies, the FBI will continue maintaining records of all sensitive query requests approved by the Deputy Director (DD), as only approved requests result in sensitive queries. Establishing a separate method to track draft requests that do not reach formal approval would require additional resources without providing additional privacy protections for U.S. persons, an issue central to congressional intent in enacting the Reforming Intelligence and Securing America Act. Additionally, the Office of the Deputy Director will maintain a subfile within the main

sensitive query case file documenting any sensitive query requests the DD declines to approve. The DD or designee is responsible only for documenting requests that reach the DD for decision.

Cybersecurity Modernization and Supply-Chain Risk Mitigation

Managing emerging technologies, rapidly expanding cyber threats, and digital-infrastructure vulnerabilities remains a core national-security priority. Throughout FY 2026, DOJ strengthened its cybersecurity posture through coordinated initiatives aligned with guidance from the Office of Management and Budget (OMB) and the Department of Homeland Security (DHS). The Department maintained an overall effective rating for its cybersecurity program and advanced several key initiatives:

- Expanded use of supply-chain threat assessments to reduce the risks associated with software and hardware acquisitions;
- Strengthened IT acquisition review processes to ensure security requirements are embedded throughout procurement lifecycles;
- Implemented technology modernization strategies to refresh outdated infrastructure and better support mission-critical operations;
- Pursued integration of emerging technologies to enhance operational capabilities, mission delivery, data security, and workforce efficiency.

These efforts are critical to staying ahead of rapidly evolving cyber and technological threats while ensuring DOJ systems protect sensitive investigative and intelligence data.
Safeguarding national security requires a unified Department-wide effort spanning criminal enforcement, intelligence oversight, cyber operations, and interagency collaboration. In FY 2026, DOJ strengthened its national-security posture through coordinated operations across ATF, the Criminal Division, CCIPS, NSD, and the FBI; high-impact actions targeting nation-state adversaries; modernization of cybersecurity and IT infrastructure; and demonstrated compliance improvements in sensitive intelligence programs.

Collectively, these initiatives reflect the Department's continued commitment to protecting the United States from terrorism, espionage, hostile foreign influence, and cyber-enabled threats, while ensuring its authorities are exercised lawfully, responsibly, and effectively.

Challenge 3: Combating Fentanyl Trafficking While Protecting Public Safety

The DOJ continues to confront the fentanyl crisis with an aggressive, coordinated, and multi-layered enforcement strategy aimed at dismantling the cartels and transnational criminal organizations (TCOs) that traffic fentanyl and endanger communities across the United States. Recognizing that fentanyl trafficking is supported by global supply chains, illicit financial systems, and violent criminal networks, the Department leverages the combined expertise, authorities, and partnerships of its components—including ATF, Drug Enforcement Administration (DEA), and key sections within the Criminal Division—to disrupt every link in the trafficking ecosystem.

Strengthening Cross-Component and Interagency Coordination

Coordination across DOJ components and with other agencies remains central to the Department's strategy to combat fentanyl trafficking. The ATF plays an important role where firearms, explosives, and violent crime intersect with fentanyl trafficking organizations. ATF's investigative expertise supports joint operations targeting drug-trafficking networks that rely on firearms-enabled violence to maintain territory, protect drug shipments, and retaliate against rivals. These partnerships help ensure that enforcement operations account for both narcotics and weapons threats, improving public-safety outcomes.

DOJ is addressing the fentanyl crisis through a comprehensive, multifaceted strategy ensuring federal, state, local, and international agencies are synchronized—from strategic planning to boots-on-the-ground enforcement—tackling fentanyl at every stage of its distribution. Below are examples of successful interagency field operations:

- Urban enforcement surges: In San Francisco, a short-term coordinated federal-local operation led by DOJ, DEA, and FBI resulted in 55 arrests and the seizure of over 1 kg of fentanyl.
- Regional enforcement sweeps: In the Western District of North Carolina, DOJ collaborated with DEA, FBI, ATF, Homeland Security Investigations, and United States Marshal Services through a multi-jurisdictional surge ("Operation Spring Cleaning"), charging 56 individuals and seizing more than 22 kg of fentanyl.
- Targeted street enforcement: In Portland, DOJ, FBI, DEA, and Portland Police formed a joint team to crack down on open-air fentanyl markets, leading to over 100 federal charges, 100 kg+ of fentanyl, 40 firearms, and $1.3 million in proceeds.

Targeting Cartels, TCOs, and Global Supply Chains

Under the President's directive to dismantle the fentanyl supply chain and eliminate trafficking cartels, the Department is taking historic action. DOJ continues to indict, extradite, and convict leaders of major cartels and TCOs responsible for producing, transporting, and distributing fentanyl. This approach is complemented by targeting the enablers who supply precursor chemicals, broker illicit shipments, or facilitate international distribution arrangements.

To confront the financial networks that sustain these operations, the Criminal Division consolidated its expert cartel and financial prosecutors to form the Money Laundering, Narcotics, and Forfeiture Section (MNF). This merger enhances the Department's capacity to address the full scope of fentanyl trafficking, from chemical procurement to banking channels to criminal proceeds.

MNF has already achieved significant results:

- Prosecution of Ismael "El Mayo" Zambada García—DOJ secured a life sentence and a $15 billion monetary judgment against the Sinaloa Cartel leader, dismantling one of the most entrenched criminal enterprises in the Western Hemisphere.
- Chinese Money Laundering Organization Conviction—In August 2026, DOJ secured a 15-year sentence and a $25 million judgment against a Chinese national responsible for laundering over $92 million in drug-trafficking proceeds.

The FBI and DEA have made significant, coordinated gains in dismantling cartel networks, disrupting global drug supply chains, and countering the accelerating fentanyl crisis. Working alongside U.S. Attorneys' Offices and other federal partners, both agencies have targeted every layer of cartel operations—from international precursor chemical suppliers and top-level cartel leadership to street-level distribution networks in American cities.

The DEA has spearheaded efforts to attack the global fentanyl pipeline at its source, focusing on major cartels—particularly the Sinaloa Cartel and Cartel Jalisco Nueva Generación (CJNG)—and the foreign chemical manufacturers that supply them. Since 2021, DEA operations have resulted in the extradition of more than 50 cartel members from Mexico to the United States and the prosecution of multiple Chinese chemical companies and executives responsible for shipping fentanyl precursors into Mexico and directly into the United States. DEA seizures have reached historic levels; in 2024 alone, agents intercepted more than 30 million fentanyl pills and over 4,100 pounds of fentanyl powder—over 208 million potentially lethal doses—while arresting more than 2,100 individuals for fentanyl-related offenses. These operations have been reinforced by a nationwide network of more than 300 DEA state and local task forces, which act as force multipliers by embedding local officers into federal investigations.

The FBI, working in tandem with the DEA, has played a pivotal role in disrupting cartel-controlled trafficking networks inside the United States. In Portland, Oregon, for example, FBI agents joined DEA and local police in a multi-year enforcement initiative targeting open-air fentanyl markets. This collaboration resulted in more than 100 federal prosecutions, along with the seizure of over 100 kilograms of fentanyl, 40 firearms, and $1.3 million in drug proceeds. The FBI is also a key contributor to Homeland Security Task Force efforts, supporting interagency operations that focus on cartel activity, financial crimes, weapons trafficking, and cross-border drug smuggling.

On the global stage, both the FBI and DEA have been central to major international darknet investigations. Through the Joint Criminal Opioid and Darknet Enforcement (JCODE) program, they worked with international partners to execute Operation RapTor, one of the most sweeping actions ever taken against darknet-based drug trafficking. This operation led to 270 arrests across four continents and the seizure of more than two metric tons of drugs, including 144 kilograms of fentanyl or fentanyl-laced substances, along with over 180 firearms and more than $200 million in digital and physical assets. By dismantling darknet marketplaces such as Nemesis, Tor2Door, Bohemia, and Kingdom Market, the FBI and DEA generated vital intelligence that continues to expose global trafficking networks.

Large domestic surge operations further underscore the agencies' collaborative success. In the Carolinas, the FBI and DEA joined HSI, ATF, and the U.S. Marshals Service for Operation Spring Cleaning, a multistate effort that yielded 56 federal charges, the seizure of more than 254 kilograms of drugs—including over 22 kilograms of fentanyl—110 illegal firearms, and the apprehension of 157 fugitives.

Together, these accomplishments demonstrate the strength of FBI and DEA coordination in confronting cartels and TCOs. From taking down executive-level traffickers and intercepting international supply streams to dismantling local distribution hubs and darknet markets, their combined efforts reflect a comprehensive, layered, and increasingly global approach to combating the fentanyl crisis and the criminal organizations behind it.

Disrupting Violent Domestic Distribution Networks

The Criminal Division's Violent Crime and Racketeering Section has targeted violent street gangs responsible for distributing fentanyl at the community level. Recent enforcement actions include:

- A 12-year sentence for a Fully Blooded Felons gang member involved in RICO conspiracy, drug trafficking, and firearms crimes—operations that included seizure of ¾ pound of fentanyl from a single trap house.
- Convictions of three members of the Highs gang for RICO and drug-trafficking offenses related to fentanyl sourced from Arizona.
- The Houston Violent Crime Initiative, charging more than 39 defendants and seizing over 1.7 kilograms of fentanyl and 248 kilograms of methamphetamine, including fentanyl-laced pills.
- Sentences of up to 210 months for members of the Young Mob gang, who distributed significant quantities of fentanyl in Memphis.

These cases highlight DOJ's commitment to dismantling violent local gangs that serve as key distribution nodes for cartel-supplied fentanyl.

Ongoing Oversight and Evaluation

In August 2026, the OIG initiated a review examining how federal investigators conduct operations involving fentanyl when they have specific knowledge or probable cause that fentanyl will be moved, stored, or distributed at identifiable locations. As this review remains in the Request for Information phase, the Department awaits any recommendations that may follow.

Additionally, the May 2024 GAO engagement evaluating DEA's efforts to combat online fentanyl sales resulted in two recommendations to improve DEA's lead-generation processes and communication with internet-based companies. DEA completed both recommendations in June 2026 and submitted the Congressional Response Letter on October 1, 2026, closing the engagement and demonstrating its commitment to improved information sharing and operational responsiveness.

Cutting Off Illicit Financial Networks

A critical pillar of DOJ's strategy is to sever the financial lifelines that enable fentanyl trafficking. This includes targeting Chinese Money Laundering Organizations, shadow-banking systems, and networks that obscure the origins of illicit proceeds. By combining narcotics enforcement with financial-crime prosecutions and aggressive forfeiture strategies, DOJ is:

- Removing profit incentives,
- Eliminating operational capacity, and
- weakening global networks that facilitate fentanyl distribution.

This financial disruption strategy ensures that traffickers face consequences not only for drug trafficking but also for exploiting the international financial system.

Through coordinated enforcement operations, strengthened inter-component collaboration, targeted action against cartel leaders and financial facilitators, and decisive dismantling of violent street-level distributors, the Department of Justice continues to advance its mission to protect the public from the

devastating impact of fentanyl. The Department's multi-layered strategy—focused on eradication of trafficking networks, disruption of financial pipelines, and improved national oversight—demonstrates a comprehensive, aggressive, and measurable approach to combating this deadly epidemic.

Challenge 4: Protecting the Federal Government and American Taxpayer from Fraud

The Department has made significant strides in modernizing its fraud-prevention capabilities and strengthening enforcement efforts to protect federal resources and the American taxpayer. Fraud schemes targeting federal programs continue to grow in complexity, scale, and technological sophistication, requiring the Department to adopt a coordinated, data-driven, and enterprise-wide strategy. In FY 2026, DOJ advanced this mission through major improvements in payment-integrity controls, expansion of advanced analytic tools, and the continued build-out of the newly established Fraud Division, which is transforming the federal fraud-enforcement landscape.

Transforming Fraud Enforcement Through the Fraud Division

Since its creation in April 2026, the Department's Fraud Division has rapidly expanded its national presence and demonstrated its value through complex enforcement actions representing billions in fraud. The Division consolidates specialized expertise across tax enforcement, procurement fraud, healthcare fraud, global-trade violations, corporate misconduct, and asset recovery—allowing DOJ to respond more efficiently, consistently, and strategically to major fraud schemes.
The Division's establishment is part of a two-year expansion plan that will significantly increase its workforce and enable greater coordination with U.S. Attorneys' Offices, federal law-enforcement agencies, and regulatory partners. Its prosecutors are supported by a comprehensive expert cadre, including:

- Asset-recovery attorneys and investigators
- Top-tier appellate counsel
- A dedicated privilege-review team
- Corporate-enforcement specialists
- Litigation-support technologists
- Data-science professionals and advanced analytic resources

This multidisciplinary approach allows the Fraud Division to investigate, analyze, and dismantle complex schemes with unprecedented precision.

Strengthening Nationwide Coordination and Early Detection

The Fraud Division's Strategic Enforcement Section has enhanced national coordination by embedding a Fraud Division prosecutor in each of the 94 judicial districts, strengthening collaboration and ensuring a consistent approach to deterrence, restitution, and forfeiture. The Division has also established the National Fraud Detection Center, which leverages advanced analytic tools to identify emerging fraud schemes earlier, break down data silos, and reduce gaps in information sharing.

With these new structures in place, the Division has already conducted multiple enforcement surges targeting:

- Fraud schemes exploiting vulnerable populations
- Illegal practices disrupting fair economic competition
- Fraud involving international trade
- Fraud targeting critical federal programs and benefits

These operations have resulted in billions of dollars in recoveries and the seizure or forfeiture of millions in illicit proceeds, delivering clear and measurable protections for taxpayers.
Through modernized payment-integrity controls, advanced fraud-detection tools, and the rapid expansion of the Fraud Division, DOJ now operates a more unified, data-driven, and effective fraud-enforcement enterprise. Earlier detection, increased investigative capacity, strengthened financial controls, and improved coordination across components collectively enhance the Department's ability to prevent fraud, hold offenders accountable, and safeguard taxpayer funds.

The Department remains committed to continuing these efforts—expanding analytic capabilities, refining operational workflows, and building a fraud-resilient enterprise capable of protecting federal programs and the public from evolving threats.

Strengthening Payment Integrity Through Do Not Pay (DNP) Integration

DOJ completed the OMB-and Treasury-mandated onboarding for the Do Not Pay (DNP) program, a critical step in preventing improper payments before they occur. The Department updated all necessary System of Records Notices (SORNs), Program Access Lists, and Data Sharing Agreements, and identified two programs—Radiation Exposure Compensation Act and the 9/11 Victim Compensation Fund—that qualify for a matching-agreement waiver under OMB Memo M-25-32. The Department published the required Federal Register notice, with the rule taking effect on September 30, 2026.

All DOJ components except Federal Prison Industries are now using DNP Batch Matching and Continuous Monitoring tools to screen vendor data and payment files against authoritative databases. Verified death-record matches are automatically ingested into DOJ's financial-management system, triggering flags to prevent payments to ineligible vendors. Payment files transmitted to Treasury undergo a final DNP check prior to disbursement. DOJ expects full deployment of DNP Batch Matching and Continuous Monitoring by December 31, 2026.

The Department also implemented Treasury Payment Verification, enabling identity, eligibility, and bank-account verification before disbursements are issued. As of October 1, 2026, DOJ screens for deceased vendors, tax identification numbers, and bank-account discrepancies—further reducing the risk of improper or fraudulent payments.

Expanding DOJ's Fraud-Prevention Toolkit

Beginning in FY 2027, DOJ is expanding its fraud-prevention capabilities to safeguard federal financial integrity through adoption of CGI Federal's Fraud, Waste, and Abuse Prevention Platform. This system provides continuous monitoring of vendors and transactions using SI-driven technology

and extensive open-source intelligence records. The platform enables early identification of high-risk activity, giving DOJ components the ability to intervene before fraudulent transactions occur. These enhancements add depth and predictive power to DOJ's financial-integrity controls and improve governmentwide efforts to curb fraud.

Challenge 5: Managing Human Capital in a Reduced-Workforce Environment

Reduced staffing levels—especially in positions requiring advanced legal, technical, or investigative expertise—risk diminishing mission capability across components. In response, DOJ has implemented targeted hiring, retention, and workforce-planning strategies to preserve critical functions and stabilize the workforce.

DOJ-Wide Workforce Data Modernization and Workforce Planning

To support data-driven workforce management DOJ-wide, the Assistant Attorney General for Administration is leading a large-scale cleanup of outdated personnel records. This effort enhances data integrity and improves leadership's ability to forecast mission needs, allocate resources, and identify critical skill gaps.

DOJ is also partnering with the Office of Personnel Management to implement coreHCM, a next-generation human capital management platform that will:

- Deliver granular, real-time data on staffing levels, attrition, and workforce demographics;
- Support more accurate recruitment and workforce planning; and
- Help components identify where staffing reductions pose unacceptable mission risk.

Enterprise Hiring Flexibilities and Strategic Hiring Planning

In response to the Department's recognition that workforce reductions can obscure mission degradation at the section or skill level, Justice Management Division's Office of Human Capital (OHC) is utilizing a full suite of hiring flexibilities. These include:

- Shared certificates;
- TECH FORCE support for technical hiring;
- Direct-hire and expedited hiring authorities;
- Continuous engagement with HR staff and component leadership to identify and fill critical roles.

OHC also developed a comprehensive Strategic Hiring Plan that prioritizes recruitment of attorneys, agents, and correctional officers—positions foundational to national security, public safety, and law-enforcement missions. This plan is continuously refined to maintain a strong applicant pipeline for critically needed positions.

Strengthening IT and Cyber Workforce Capacity

The Department recognizes that recruiting and retaining IT and cybersecurity personnel is essential to protecting DOJ systems and national-security information. Under an enterprise operating model, DOJ is:

- Consolidating IT and cybersecurity personnel under the Office of the Chief Information Officer (OCIO), enabling improved workload balancing, shared expertise, and consistent service delivery;
- Preserving specialized technical expertise essential for mission-critical operations; and
- Continuing to utilize its IT and Cybersecurity Retention Incentive Program, aligned with 5 CFR § 575, to retain high-demand cyber talent.

These initiatives reinforce DOJ's capacity to respond to evolving cyber threats and maintain secure, resilient IT infrastructure.

Contracting Workforce Development

The Office of Acquisition Management's Procurement Support Staff (PSS) has highlighted the urgent need to fill vacant 1102 operational contracting positions and Procurement Analyst roles, which are essential for supporting mission-critical procurements. PSS is:

- Identifying skill gaps;
- Developing structured training pathways;
- Strengthening retention of experienced contracting officers; and
- Addressing increased workload pressures that stem from staffing shortages.

Strengthening this workforce is essential to ensuring effective procurement oversight and enabling DOJ components to acquire critical resources efficiently.

Across the Department, components are taking strategic, targeted, and innovative actions to mitigate the risks of a reduced workforce. Although recruitment and retention challenges remain—particularly for specialized roles—DOJ's combined efforts to modernize workforce data, strengthen hiring flexibilities, consolidate mission-critical functions, and reinforce retention incentives have produced meaningful progress.

By continuing to invest in human capital, leveraging enterprise tools, and implementing forward-looking workforce strategies, the Department is working to ensure mission continuity, safeguard critical operations, and maintain the skilled federal workforce needed to uphold public safety, national security, and the rule of law.

Challenge 6: Ensuring the Integrity and Fairness of Department Investigations and Prosecutions

The Department of Justice emphasizes integrity, fairness, and accountability in its investigative and prosecutorial work, with the Office of Professional Responsibility (OPR) serving as a central guardian of ethical standards. Despite resource constraints, OPR fulfilled its mission through disciplined case management, dedicated staff, and effective use of technology. In Fiscal Year 2026,

OPR reviewed more than 2,000 complaints, completed eight full investigations involving issues such as lack of candor and misuse of new technologies, resolved 35 inquiries without opening full investigations, and closed 41 FBI whistleblower retaliation cases—demonstrating both its broad oversight role and its commitment to protecting those who report wrongdoing.

OPR's ability to maintain timely and fair case resolution amid diminished staffing reflects several strategic measures, including staff taking on expanded portfolios, close managerial review of case intake and triage, and the integration of new technology to improve workflow efficiency. Updated procedures also enhanced consistency, documentation, and transparency, ensuring that each investigative conclusion rests on rigorous application of law and policy.

Looking forward, OPR will continue working with Department leadership to secure staffing and resources that match its expanding oversight responsibilities. As caseloads grow and emerging technologies introduce new ethical challenges, adequate resourcing will be essential to sustaining the Department's integrity framework and ensuring that DOJ attorneys uphold the high standards expected by the Department, the courts, and the public.

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The Department appreciates the OIG's work in helping to improve our transparency, productivity, and effectiveness. Components across the Department continue to address OIG's findings and conclusions, and implement recommended actions, including those highlighted in this report. The Department looks forward to cooperating with the Inspector General on these matters and on future audits, investigations, and reviews.

Payment Integrity Information Act Reporting

The Payment Integrity Information Act of 2019 (PIIA)[1], implemented through Office of Management and Budget (OMB) Circular No. A-123, Appendix C, Requirements for Payment Integrity Improvement[2], establishes the Federal Government's framework for preventing, identifying, and recovering improper and unknown payments. Under these requirements, agencies must assess their programs for susceptibility to significant improper and unknown payments, complete OMB's Annual Data Call, and report applicable payment integrity information in their AFRs. In alignment with these requirements, the U.S. Department of Justice (DOJ or the Department) maintains payment integrity through internal controls over disbursements, pre-payment and pre-award verification, and payment recovery activities. The effectiveness of these efforts is independently evaluated each year by the DOJ Office of the Inspector General (OIG), which reviews the Department's compliance with PIIA. For FY 2025, the OIG determined that the Department complied with all applicable PIIA requirements and made no recommendations[3].

To sustain compliance with these requirements, the Department conducts an annual Improper Payment Risk Assessment over its five major programs. The assessment combines a qualitative evaluation of the risk factors in Appendix C with a quantitative analysis of historical payment integrity data, including annual disbursements, improper payments, and unknown payments, to determine whether a program's estimated improper and unknown payments exceed the applicable statutory thresholds. Based on the FY 2026 risk assessment, the Department determined that none of its five major programs were susceptible to significant improper and unknown payments, and no substantial changes were made to the risk assessment methodology. Accordingly, the Department is not required to report statistically valid improper payment estimates, corrective action plans, or reduction targets for FY 2026. The risk assessment is performed annually, so there are no off-cycle years. Throughout the year, the Department also monitors payment integrity risk through quarterly component reporting of identified improper payments and recoveries. If future assessments determine that a program is susceptible to significant improper and unknown payments, the program will proceed to Phase 2 in the following year. The Department would then be required to develop a statistically valid estimation methodology, report an estimate of the program's improper and unknown payments, implement a corrective action plan addressing the identified root causes, and establish annual reduction targets. Lastly, a recovery audit was performed in FY 2026 with minimal recoveries due to payment accuracy and no recommendations.

The Department uses the Department of the Treasury's Do Not Pay (DNP) Working System to verify payee eligibility and prevent improper payments. The Department submits weekly Continuous Monitoring files of active vendor records across all vendor types for all DOJ components except Federal Prison Industries (FPI). These files are screened against the American InfoSource Obituary

[1] *Pub. L. No. 116-117, § 2(a), 134 Stat. 113, 131-132 (2020), codified at 31 U.S.C. § 3351–3358.*

[2] OMB. (2021). Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement - M-21-19. https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf

[3] DOJ OIG Report 26-063, Audit of the U.S. Department of Justice's Fiscal Year 2025 Compliance with the Payment Integrity Information Act of 2019 Reporting Requirements (June 2026). https://oig.justice.gov/sites/default/files/reports/26-063.pdf

and Probate, Office of Foreign Assets Control, Death Master File, Department of Defense Death Data, and Department of State Death Data sources. Through Continuous Monitoring, the Department has flagged 1,236 address codes on vendor records as "Do Not Pay." The Department also uses DNP Payment Verification, including Bank Account Verification and Taxpayer Identification Number screening, which rejects payments that fail verification. The Department determined that these preventive controls have reduced improper payments and awards by identifying potentially ineligible vendors and rejecting payments that do not meet verification requirements.

In addition to the information reported above, OMB collects and publishes supplemental payment integrity information on PaymentAccuracy.gov, including data on fraud and payment recovery activities that are not required to be reported in the AFR. The Department's Annual Risk Assessment Report is available on its dedicated PaymentAccuracy.gov page[4]. The applicable reports may be accessed by navigating from the Resources page on PaymentAccuracy.gov to the Congressional Reports page and then selecting the relevant report from the dropdown list for the Department of Justice and fiscal year.

[4] https://paymentaccuracy.gov/agency/DOJ

Civil Monetary Penalty Adjustment for Inflation

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 2026. The Department published via the Federal Register, that its civil monetary penalty amounts will not increase for the 2026 calendar year, pursuant to OMB memorandum M-26-11.

Bureau of Alcohol, Tobacco, Firearms, and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives

Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level ($ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C 922(t)(5)	*Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b)*	1993	2025	$10,831	Alcohol Tobacco, Firearms, and Explosives (ATF)	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	$3,961	Alcohol, Tobacco, Firearms, and Explosives (ATF)	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

Civil Division

Civil Division

Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level ($ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
12 U.S.C. 1833a(b)(1)	*Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation*	1989	2025	$2,513,215	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
12 U.S.C. 1833a(b)(2)	*FIRREA Violation (continuing)*	1989	2025	$2,513,215	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
12 U.S.C. 1833a(b)(2)	*FIRREA Violation (continuing)*	1989	2025	$12,566,086	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
22 U.S.C. 2399b(a)(3)(A)	*Foreign Assistance Act Fraudulent Claim for Assistance*	1968	2025	$7,299	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
31 U.S.C. 3729(a)	*False Claims Act Violations*	1986	2025	Min: $14,308 Max: $28,619	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
31 U.S.C 3802(a)(1)	*Program Fraud Civil Remedies Act Violations Involving False Claim (per claim)*	1986	2025	$14,308	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
31 U.S.C 3802(a)(2)	*Program Fraud Civil Remedies Act Violation Involving False Statement (per statement)*	1986	2025	$14,308	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
40 U.S.C. 123(a)(1)(A)	*Federal Property and Administrative Services Act Violation Involving Surplus Government Property*	1949	2025	$7,299	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
41 U.S.C. 8706(a)(1)(B)	*Anti-Kickback Act Violation Involving Kickbacks (per occurrence)*	1986	2025	$28,619	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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*	1994	2025	$10,556	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 216(b)	*Ethics Reform Act of 1989 Penalties for Conflict of Interest Crimes*	1989	2025	$125,662	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
41 U.S.C. 2105(b)(1)	*Office of Federal Procurement Policy Act Violation by an organization*	1988	2025	$131,308	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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
41 U.S.C. 2105(b)(2)	*Office of Federal Procurement Policy Act Violation by an organization*	1988	2025	$1,313,069	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
42 U.S.C. 5157(d)	*Disaster Relief Act Violation*	1974	2025	$16,590	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 248(c)(2)(B)(i)	*Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order*	1994	2025	$21,049	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 248(c)(2)(B)(ii)	*Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order*	1994	2025	$31,670	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 248(c)(2)(B)(i)	*Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order*	1994	2025	$31,670	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 248(c)(2)(B)(ii)	*Freedom of Access to Clinic Entrances Act of 1994 Other violation. subseauent order*	1994	2025	$52,786	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
42 U.S.C. 3614(d)(1)(C)(i)	*Fair Housing Act of 1968, as amended in 1988. PL 100-430*	1988	2025	$131,308	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
42 U.S.C. 3614(d)(1)(C)(ii)	*Fair Housing Act of 1968, as amended in 1988; PL 100-430*	1988	2025	$262,614	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
42 U.S.C. 12188(b)(C)(i)	*Americans With Disabilities Act; PL 101-336 Public accommodations for*	1990	2025	$118,225	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
42 U.S.C. 12188(b)(C)(ii)	*Americans With Disabilities Act; PL 101-336 Public accommodations for*	1990	2025	$236,451	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
50 U.S.C. App. 597(b)(3)	*Service members Civil Relief Act First violation*	2010	2025	$79,380	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
50 U.S.C. App. 597(b)(3)	*Service members Civil Relief Act Subsequent violation*	2010	2025	$158,761	Civil Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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 Frivolous Assertion of Claim*	2000	2025	Min: $453 Max: $9,072	Criminal Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
18 U.S.C. 1956(b)	*Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H*	1986	2025	$28,619	Criminal Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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	2025	$26,262	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
21 U.S.C. 961(1)	*Controlled Substance Import Export Act Drug abuse, import or export*	1970	2025	$91,245	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
21 U.S.C. 842(c)(1)(A)	*Controlled Substances Act, PL 90-513 Violations of 842(a) - other than (5), (10), (16), and (17) - Prohibited acts re: controlled substances (per violation)*	1970	2025	$82,950	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	$19,246	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
21 U.S.C. 842(c)(1)(B)(ii)	*Support for Patients and Communities Act, PL 115-211 Violations of 842(b)(ii) - Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by Atty Gen.*	2018	2025	$124,825	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	$664,740	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	$1,330	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	$498,517	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
21 U.S.C. 842(c)(2)(D)	*Support for Patients and Communities Act, PL 115-211 Violations of 842(a)(5), (10) and (17) by a registered manufacturer or distributor of opioids. Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by Atty Gen.*	2018	2025	$624,123	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
21 U.S.C. 856(d)	*Illicit Drug Anti-Proliferation Act of 2003 Maintaining drug-involved premises; PL 108-21*	2003	2025	$459,687	Drug Enforcement Administration	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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	2025	Min: $716 Max: $5,724	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324a(e)(4)(A)(ii)	*Immigration Reform and Control Act of 1986 Unlawful employment of aliens, second order*	1986	2025	Min: $5,724 Max: $14,308	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324a(e)(4)(A)(iii)	*Immigration Reform and Control Act of 1986 Unlawful employment of aliens, subseauent order*	1986	2025	Min: $8,586 Max: $28,619	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324a(e)(5)	*Immigration Reform and Control Act of 1986 Paperwork violation*	1986	2025	Min: $288 Max: $2,861	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324a (note)	*Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii) Failure to notify DHS of employee's employment eligibility*	1996	2025	Min: $998 Max: $1,992	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324a(g)(2)	*Immigration Reform and Control Act of 1986; PL 99-603 Violation/prohibition of indemnity bonds*	1986	2025	$2,861	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $590 Max: $4,730	Civil Rights Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
8 U.S.C. 1324b(g)(2)(B)(iv)(II)	*Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, second order*	1990	2025	Min: $4,730 Max: $11,823	Civil Rights Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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*	1990	2025	Min: $7,093 Max:23,647	Civil Rights Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $236 Max: $2,364	Civil Rights Division	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $590 Max: $4,730	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $4,730 Max: $11,823	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $500 Max: $3,988	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*
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	2025	Min: $3,988 Max: $9,970	Executive Office for Immigration Review	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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	2025	$2,111	Federal Bureau of Investigation	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

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**
34 U.S.C 10231(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	2025	$36,498	Office of Justice Programs	*Federal Register / Vol. 90, No. 126 / Thursday, January 16, 2025 / Rules and Regulations*

Grants Programs

To promote the efficient administration of grants programs, *OMB A-136* requires agencies with Federal grants programs to submit a high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards), including: 1) disclosure of 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, 2026; and 2) a brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported.

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

1) The table below summarizes the total number of grant and cooperative agreement awards and balances as of September 30, 2026, for which closeout has not yet occurred but for which the period of performance has elapsed by two years or more. (i.e., on or before September 30, 2024).

Age and Balances for Expired Awards not Closed

For the Fiscal Year Ended September 30, 2026 (Dollars in Thousands)

		Period of Performance has Expired as of September 30, 2026		
DOJ Component	**Category**	**Closeout Lapse of 2-3 Years FYs 2024-2023**	**Closeout Lapse of 4-5 Years FYs 2022-2021**	**Closeout Lapse of More than 5 Years Before 2021**
OJP	Number of Grants/Cooperative Agreements with Zero Dollar Balances	3	1	—
	Number of Grants/Cooperative Agreements with Undisbursed Balances	78	16	2
	OJP Total Amount of Undisbursed Balances	**$9,982**	**$824**	**$755**
COPS	Number of Grants/Cooperative Agreements with Zero Dollar Balances	16	3	—
	Number of Grants/Cooperative Agreements with Undisbursed Balances	30	7	2
	COPS Total Amount of Undisbursed Balances	**$6,663**	**$921**	**$144**
OVW	Number of Grants/Cooperative Agreements with Zero Dollar Balances	51	37	3
	Number of Grants/Cooperative Agreements with Undisbursed Balances	239	190	19
	OVW Total Amount of Undisbursed Balances	**$27,010**	**$21,042**	**$2,634**
DOJ Total Amount of Undisbursed Balances		**$43,655**	**$22,787**	**$3,533**

2) Closeout Challenges

OJP made significant progress of the past year closing more than half of the awards reported on the prior year's report and partially deobligating undisbursed funds for awards with a final Federal Financial Report (FFR). OJP continues to face challenges closing awards that are under review. OJP will continue to review expired awards and conduct outreach with grantees and program offices to close awards.

Despite the six-week government shutdown, the OVW again made significant progress in closing expired grants during FY 2026. OVW increased the total awards closed in FY 2026 by 50% over the previous year. To address delays affecting formula award closeout processing, OVW updated the closeout match worksheet and conducted specialized training for State Formula award recipients. These actions have already successfully improved the closeout workflow. While occasional technical system issues occur, OVW has incorporated processes to promptly identify and resolve them.

The COPS Office has made progress of closeouts in FY 2026, closing 757 awards – a decrease in 103 awards from last year. COPS has identified several challenges in preventing closeouts. Staff turnover often results in outreach to outdated points of contact, causing delays while locating and onboarding new contacts who must be granted system access and trained. Additional challenges arise when an award recipient has disbanded, leaving no authorized personnel to manage award maintenance.

Finally, monitoring efforts typically require awards to be placed on hold for several months, after which compliance issues must be reviewed and acted upon by the COPS grant monitoring division and financial teams before closure can proceed. Since implementation of the bi-monthly closeout reviews beginning in February 2024, COPS has taken a more proactive approach to resolve closeouts timely. Given that award recipients typically manage multiple grants across DOJ grant making components, COPS will strengthen coordination and information sharing among these components. Doing so would significantly improve the timely identification of accurate points of contact and reduce preventable delays.

Undisbursed Balances in Expired Grant Awards

Section 524 of the Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act, 2026 of the Consolidated Appropriations Act, 2026 (Public Law 119-74) requires certain departments, agencies, and instrumentalities of the United States Government receiving appropriations under *the Act* to track undisbursed balances in expired grant accounts for FY 2026. At DOJ, grantees typically have 120 days after the grant expires to complete final drawdowns and expenditures. The data reported are based on the following definitions:

- An expired grant is a grant award that has reached the grant end date and is eligible for closeout. For DOJ, this means grants with an expired period of performance, and closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2026 (i.e., on or before September 30, 2024).

- Undisbursed balances in expired grant accounts include budget authority that is no longer available for new obligations but is still available for disbursement. According to *Section 20.4(c) of OMB A-11, Preparation, Submission, and Execution of the Budget,* the expired phase "lasts five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, one may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements."

For FY 2026, the below information is required to be reported in the Annual Agency Financial Report with regard to undisbursed balances in expired grant accounts: 1) details on future action the department, agency, or instrumentality will take to resolve undisbursed balances in expired grant accounts; 2) the method that the department, agency, or instrumentality uses to track undisbursed balances in expired grant accounts; 3) identification of undisbursed balances in expired grant accounts that may be returned to the Treasury of the United States; 4) in the preceding three fiscal years, details on the total number of expired grant accounts with undisbursed balances (on the first day of each fiscal year) for the department, agency, or instrumentality and the total finances that have not been obligated to a specific project remaining in the accounts. The data reported here reflects the amount of undisbursed balances in grant accounts that have reached their end date and are eligible for closeout and is provided in accordance with *Office of Management and Budget M-16-18, Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts.*

The information provided here pertains to the DOJ's three grant making appropriation accounts: OJP, COPS, and OVW. Their responses are noted below:

1) In the preceding 3 fiscal years, the total number of expired grant awards (period of performance has elapsed by two years or more) with undisbursed balances (on the first day of each fiscal year) and the total finances that have not been obligated to a specific grant or project remaining in the accounts, are as follows (dollars in thousands):

Status of Undisbursed Balances in Expired Grants
For the Fiscal Year Ended September 30, 2026 (Dollars in Thousands)

DOJ Component	Category	FY 2026 (as of 9/30/2026)	FY 2025 (as of 9/30/2025)	FY 2024 (as of 9/30/2024)
OJP	Number of expired grant awards	100	88	228
	Undisbursed balances prior to closeout	$11,562	$ 7,368	16,951
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	$7,009	$ 5,049	12,816
COPS	Number of expired grant awards	58	322	211
	Undisbursed balances prior to closeout	$7,728	$ 35,154	21,461
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	$7,548	$ 23,310	27,438
OVW	Number of expired grant awards	539	771	777
	Undisbursed balances prior to closeout	$50,686	$ 66,126	55,088
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	$47,733	$ 57,431	55,196

2) Details on future actions DOJ will be taken to resolve undisbursed balances in expired grant accounts:

OJP will continue to monitor the expired awards with an undisbursed balance, quarterly and conduct outreach with the grantees and program office to close awards and deobligate available funds. In Q4, OJP reviewed the awards with an undisbursed balance and partially de-obligated funds from awards, if the grantee filed a final Federal Financial Report (FFR).

OVW tracks and prioritizes processing close outs that are the oldest and have the highest remaining balance. OVW engaged additional staff to assist with resolving reporting errors that delay processing of close outs and will continue with this process on a quarterly basis as reports are submitted.

For COPS, future action to resolve undisbursed balances include increased collaboration of with programmatic and financial teams for bi-monthly reviews of close outs focused on lapsed two or more years for tangible progress. Additionally, COPS will continue to enforce compliance and monitoring issues.

3) The method that DOJ uses to track undisbursed balances in expired grant accounts:

OJP reviews a quarterly report for awards 120 days or more past the award end date to track the undisbursed balances for expired awards. The COPS Office has developed the quarterly financial report and enterprise financial reporting to monitor undisbursed balances of expired grants and identify focus areas which has proved successful in reducing lapsed closeouts. On the other hand, OVW reviews a closeout report to identify and track undisbursed balances on expired grants on a monthly basis.

4) Process for identification of undisbursed balances in expired grant accounts that may be returned to the Treasury:

Currently, the three DOJ grant-making components operates with “no year” appropriation funds. For that reason, funds from undisbursed balances are not returned to Treasury. Undisbursed balances are recovered in the program for the same appropriated purpose.

Financial Reporting-Related Legislation

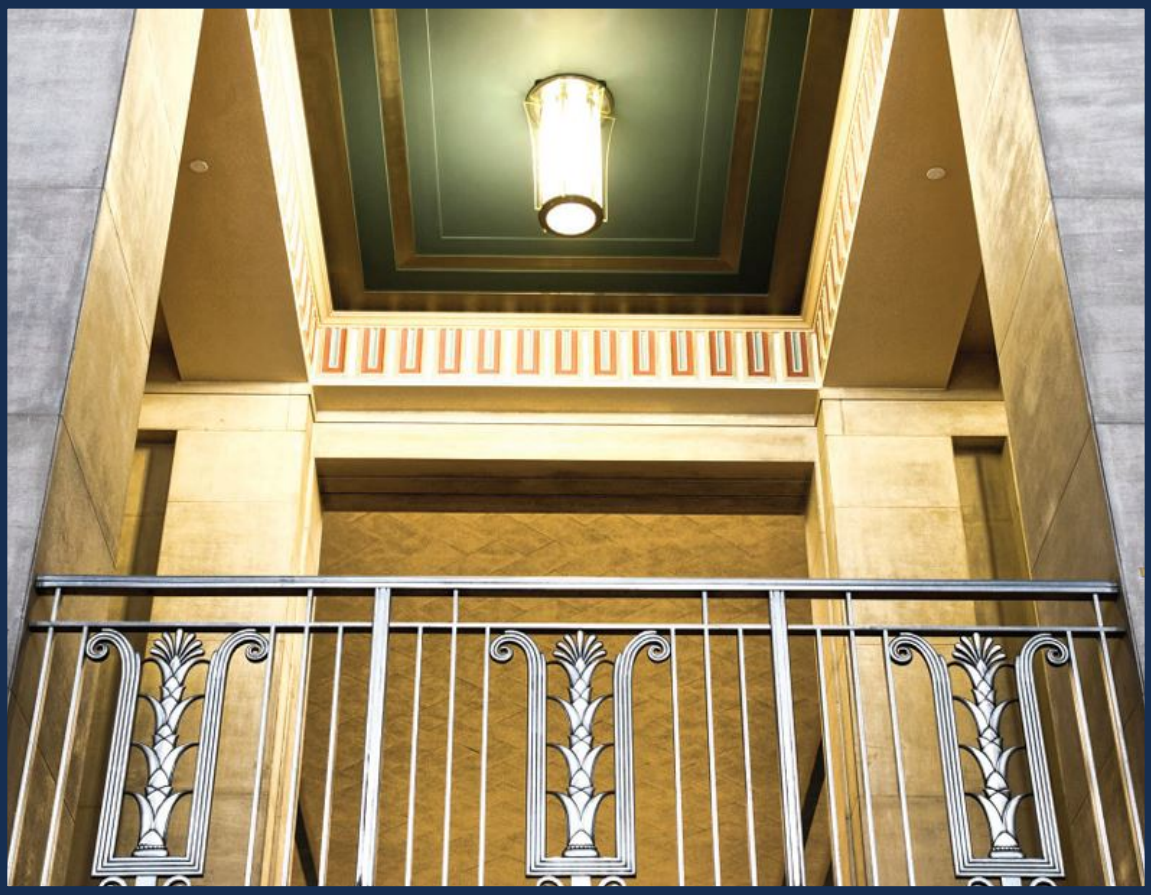
For Fiscal Years 2025 and 2026, the Department of Justice (DOJ) has no agency-specific legislation to report that directly altered its financial accounting frameworks, reporting compliance, or auditing standards.

Pursuant to financial reporting guidelines, significant reporting entities and components must disclose non-routine, agency-specific legislative provisions enacted in the current or prior fiscal year that affect the entity's ability to prepare its annual financial statements or that impact its formal audit opinion. This requirement explicitly excludes recurring appropriations acts and routine organizational reauthorizations.

During this reporting period, major statutory adjustments affecting the Department—such as the programmatic expansions enacted under the *One Big Beautiful Bill Act (Pub. L. 119-21)* modifying the RECA program—were evaluated for financial reporting relevance. While these statutory provisions introduce significant programmatic changes and shift downstream claim volumes managed by the Attorney General, they operate entirely within established federal accounting methodologies. They do not introduce novel agency-specific accounting rules, alter compliance with FASAB principles, or impede the Department's operational capability to deliver its audited financial statements or maintain its audit opinion.

Accordingly, there are no qualifying legislative provisions to report for the Department or its significant reporting components.

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RFF building: Detail of aluminum railing along the stairway to The Great Hall

APPENDICES

In This Section:

206 **(A) Acronym**

213 **(B) Department Component Website**

215 **(C) Office of Inspector General Analysis and Summary of Actions Necessary to Close the Report**

APPENDIX A

Acronyms

A

AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
APP	Annual Performance Plan
APR	Annual Performance Report
ASG	Associate Attorney General
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATJ	Access to Justice
ATR	Antitrust Division

B

BAR	Budget and Accrual Reconciliation
BJA	Bureau of Justice Assistance
BOP	Bureau of Prisons
BPO	Broker's Price Opinion

C

CFO	Chief Financial Officer
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSRS	Civil Service Retirement System
CVF	Crime Victims Fund

D

DAG	Deputy Attorney General
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

E

EEOICPA	Energy Employees Occupational Illness Compensation Program Act
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
ESCO	Energy Service Companies
ESPC	Energy Savings Performance Contracts

F

FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards 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
FEW	Fees and Expenses of Witnesses
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FPCF	Federal Prison Commissary Fund
FPI	Federal Prison Industries, Inc.
FR	Financial Report
FRL	Fire Research Laboratory
FSA	First Step Act
FSIA	Foreign Sovereign Immunities Act
FTAP	Firearms Technical Assistance Project
FTE	Full-Time Equivalent
FY	Fiscal Year

G

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

H

HHS	Department of Health and Human Services

I

IC	Independent Counsel
ICOR	Immigration Court Online Resources
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

JIST	Justice Information Sharing Technology
JMD	Justice Management Division

K

KG	Kilogram
KPI	Key Performance Indicators

L

LCM	Lower of average cost or market value
LCNRV	Lower Cost or Net Realizable Value
LEP	Limited English Proficiency

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
NDAA	National Defense Authorization Act
NFEA	National Firearms Examiner Academy
NFT	Non-Fungible Token
NIBIN	National Integrated Ballistic Information Network
NIJ	National Institute for Justice
NSD	National Security Division

O

OBDs	Offices, Boards and Divisions
OCDETF	Organized Crime Drug Enforcement Task Forces
OCIO	Office of the Chief Information Officer
OGC	Office of General Council
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
PP&E	Property, Plant & 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
SMO	Social Media Optimizing
SOR	Strategic Objective Review
SSP	Sustainability Strategic Plan

T

TAX	Tax Division
TEPP	Threat Enforcement Prioritization Process
TJSIP	Tribal Justice Systems Infrastructure Program
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
USERRA	Uniformed Services Employment and Re-employment Act
USMS	United States Marshals Service
USPC	United States Parole Commission
USSGL	United States Standard General Ledger
UST	Executive Office for United States Trustees
USVSSTF	United States Victims of State Sponsored Terrorism Fund

V

VAWA	Violence Against Women Act
VCF	Victim Compensation Fund

W

WCF	Working Capital Fund
WTC	World Trade Center

APPENDIX B

Component	Website
Assets Forfeiture Fund (AFF)	www.justice.gov/afp/assets-forfeiture-fund-aff
Antitrust Division (ATR)	www.justice.gov/atr
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	www.atf.gov/
Bureau of Justice Assistance (BJA)	https://bja.ojp.gov/
Bureau of Justice Statistics (BJS)	www.bjs.gov/
Civil Division (CIV)	www.justice.gov/civil/
Civil Rights Division (CRD)	www.justice.gov/crt/
Community Oriented Policing Services (COPS)	https://cops.usdoj.gov/
Community Relations Service (CRS)	www.justice.gov/crs
Criminal Division (CRM)	www.justice.gov/criminal/
Diversion Control Division (DCD)	https://www.deadiversion.usdoj.gov/
Drug Enforcement Administration (DEA)	www.justice.gov/dea/
Environment and Natural Resources Division (ENRD)	www.justice.gov/enrd/
Executive Office for Immigration Review (EOIR)	www.justice.gov/eoir/
Executive Office for U.S. Attorneys (EOUSA)	www.justice.gov/usao/eousa/
Executive Office for U.S. Trustees Program (EOUSTP)	www.justice.gov/ust/
Federal Bureau of Investigation (FBI)	www.fbi.gov/
Federal Bureau of Prisons (BOP)	www.bop.gov/
Federal Prison Industries (FPI)	www.unicor.gov/
Foreign Claims Settlement Commission of the United States (FCSC)	www.justice.gov/fcsc/
INTERPOL Washington	www.justice.gov/interpol-washington/
Justice Management Division (JMD)	www.justice.gov/jmd/
National Criminal Justice Reference Service (NCJRS)	www.ojp.gov/ncjrs-virtual-library
National Institute of Corrections (NIC)	www.nicic.gov/
National Institute of Justice (NIJ)	https://nij.ojp.gov/
National Security Division (NSD)	www.justice.gov/nsd/
Office of Access to Justice (ATJ)	https://www.justice.gov/atj
Office of Information Policy (OIP)	www.justice.gov/oip/oip.html
Office of Justice Programs (OJP)	www.ojp.gov/
Office of Juvenile Justice and Delinquency Prevention (OJJDP)	www.ojjdp.gov/
Office of Legal Counsel (OLC)	www.justice.gov/olc/index.html
Office of Legal Policy (OLP)	www.justice.gov/olp/
Office of Legislative Affairs (OLA)	www.justice.gov/ola/
Office of Professional Responsibility (OPR)	www.justice.gov/opr/index.html
Office of Public Affairs (OPA)	www.justice.gov/opa/index.html
Office of the Associate Attorney General (OAAG)	www.justice.gov/asg/index.html
Office of the Attorney General (OAG)	www.justice.gov/ag/

Component	Website
Office of the Deputy Attorney General(ODAG)	www.justice.gov/dag/
Office of the Inspector General (OIG)	www.justice.gov/oig/
Office of the Pardon Attorney (OPA)	www.justice.gov/pardon/
Office of the Solicitor General (OSG)	www.justice.gov/osg/
Office of Tribal Justice (OTJ)	https://www.justice.gov/otj
Office for Victims of Crime (OVC)	https://www.justice.gov/vtatf/ovc
Office on Violence Against Women (OVW)	www.justice.gov/ovw
Organized Crime Drug Enforcement Task Force (OCDETF)	www.dea.gov/organized-crime-drug-enforcement-task-force-ocdetf
Tax Division (TAX)	www.justice.gov/tax/
U.S. Attorneys (USAO)	www.justice.gov/usao/
U.S. Marshals Service (USMS)	www.justice.gov/marshals/
U.S. Parole Commission (USPC)	www.justice.gov/uspc/

APPENDIX C

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

The U.S. Department of Justice 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 findings. 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. **Perform ongoing risk assessments related to the safeguarding, existence, ownership, and accuracy of digital assets including risks associated with the private key lifecycle for assets held in self-custody or by service providers. The risk assessment should include evaluating the uninterrupted and exclusive control over private keys for the entire private key lifecycle. After performing these risk assessments, management should design and implement appropriate control activities responsive to such risks to address segregation of duties and the periodic validations of asset records to the blockchain.**

   Resolved. Management concurred with this recommendation. The Department stated in its response that, in conjunction with digital asset stakeholders across the Department, it will perform risk assessments as identified and will begin the implementation of processes and system improvements to address private key lifecycle management and digital asset inventory and valuation management. The Department also stated that in the near term, it will focus on implementing new manual processes to minimize the risks associated with private key management and digital asset inventory management. As a result, this recommendation is resolved.

   This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has performed ongoing risk assessments related to the safeguarding, existence, ownership, and accuracy of digital assets, and designed and implemented appropriate control activities responsive to such risks.

2. **Define the agreed-upon inputs (e.g., market or exchange and time of day) used to determine and record the value of the asset in the property system of record. Then, design and implement controls to validate that the correct inputs are used to estimate the value of digital assets.**

   Resolved. Management concurred with this recommendation. The Department stated in its response it is in the process of issuing and implementing a consolidated digital asset valuation policy for fiscal year 2027. As a result, this recommendation is resolved.

This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has defined the agreed-upon inputs used to determine and record the value of the asset in the property system of record and designed and implemented controls to validate usage of the correct inputs.

3. **Design and implement monitoring controls to ensure compliance with existing policies and procedures. Effectively communicate such policies, procedures, and controls across the Department and establish mechanisms to hold the components accountable.**

   Resolved. Management concurred with this recommendation. The Department stated in its response it will begin the implementation of processes and system improvements to address these concerns long term. The Department stated that these processes and systems will enhance and automate controls and ensure compliance. In addition, the Department stated that it will coordinate all policies, procedures, and controls for all participating agencies to ensure consistency and establish a mechanism to hold agencies accountable. As a result, this recommendation is resolved.

   This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has designed and implemented monitoring controls to ensure compliance with existing policies and procedures; communicated such policies, procedures, and controls across the Department; and established mechanisms to hold components accountable.

4. **Re-evaluate risk assessments for digital assets seized in prior control environments to consider whether risks related to safeguarding, existence, ownership, and valuation have been adequately addressed considering the evolving nature of digital asset seizures and policy changes. Based on the results of the evaluation, design and implement controls to appropriately account for and maintain custody of aged digital assets and update the policies and procedures accordingly.**

   Resolved. Management concurred with this recommendation. The Department stated in its response that it will re-evaluate the identified risks and will begin the implementation of controls, processes, and system improvements needed to address the concerns identified. As a result, this recommendation is resolved.

   This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has: (1) re-evaluated risk assessments for digital assets seized in prior control environments to consider whether risks related to safeguarding, existence, ownership, and valuation have been adequately addressed; and (2) designed and implemented controls to appropriately account for and maintain custody of aged digital assets and updated the policies and procedures accordingly.

5. **Assess reconciliation, review, and other monitoring controls over both component and consolidated financial reporting, including note disclosures and Management's Discussion and Analysis.**

   Resolved. Management concurred with this recommendation. The Department stated in its response that it will continue to enhance its internal control reviews over month and quarter end component financial reporting and operations to prevent potential misstatements. The Department

also stated that it will work to further enhance its existing financial statement preparation and review process to ensure the accuracy and validity of component submissions. As a result, this recommendation is resolved.

This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has assessed reconciliation, review, and other monitoring controls over both component and consolidated financial reporting.

6. **Implement more consistent processes across components that consider changes in the control environment, effectively communicate those processes, and improve data for analysis and reporting, to enhance the design of period end financial reporting controls.**

   Resolved. Management concurred with this recommendation. The Department stated in its response that it will continue to work across the reporting components to enhance communication channels to support the dissemination of information, provide additional written communication to reinforce verbal guidance, and continue the standardization of business processes across the Department. As a result, this recommendation is resolved.

   This recommendation can be closed when subsequent annual financial statements audit testing verifies that management has implemented more consistent processes across components that consider changes in the control-environment, effectively communicated those processes, and improved data for analysis and reporting.

7. **Enhance monitoring capabilities related to recurring deficiencies to address existing design deficiencies and improve operating effectiveness of the related controls in a timely manner. Specifically, management should consider a baseline (current year) assessment and compare against management's design (future state) of the internal control system to address the objectives and risks of the Department.**

   Closed. This recommendation is closed. Management concurred with this recommendation. Because this recommendation is identical to an open recommendation from a prior year, we are closing this recommendation and tracking the status of corrective action through recommendation No. 5 of the Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2024 (OIG Report No. 25-015).

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We Welcome Your Comments and Suggestions!

Thank you for your interest in the Department of Justice FY 2026 Agency Financial Report. We welcome your comments and suggestions on how we can improve this report for FY 2027. Please email any comments to: performance@usdoj.gov



U.S. Department of Justice