



# U.S. Department of Justice FY 2016 PERFORMANCE BUDGET

---

## Office of the Inspector General Congressional Justification Submission



## Table of Contents

Page No.

<b>I. Overview .....</b>	<b>1</b>
<b>II. Summary of Program Changes .....</b>	<b>14</b>
<b>III. Appropriations Language and Analysis of Appropriations Language.....</b>	<b>14</b>
<b>IV. Program Activity Justification</b>	
A. Audits, Inspections, Investigations, and Reviews .....	15
1. Program Description	
2. Performance Tables	
3. Performance, Resources, and Strategies	
<b>V. Program Increases by Item</b>	
A. Contract Oversight .....	25
B. Council of Inspectors General on Integrity and Efficiency (CIGIE) .....	29
<b>VI. Exhibits</b>	
A. Organizational Chart	
B. Summary of Requirements	
C. FY 2016 Program Changes by Decision Unit	
D. Resources by DOJ Strategic Goal/Objective	
E. Justification for Technical and Base Adjustments	
F. Crosswalk of 2014 Availability	
G. Crosswalk of 2015 Availability	
H. Summary of Reimbursable Resources	
I. Detail of Permanent Positions by Category	
J. Financial Analysis of Program Changes	
K. Summary of Requirements by Object Class	
L. Status of Congressionally Requested Studies, Reports, and Evaluations	
M. Additional Required Information	

### Appendix A. OIG Statistical Highlights

## **I. Overview**

### **1. Introduction**

In FY 2016, the Office of the Inspector General (OIG) requests a total of \$93,709,000, 455 FTE, and 474 positions (of which 139 are Agents and 30 are Attorneys) to investigate allegations of fraud, waste, abuse, and misconduct by Department of Justice (Department) employees, contractors, and grantees and to promote economy and efficiency in Department operations. This request is an increase of \$5,132,000 (approximately 5.79%) over the FY 2015 enacted, and includes program increases for Contract Oversight of \$2,970,000, Council of Inspectors General on Integrity and Efficiency (CIGIE) Operations of \$580,000 and adjustments-to-base of \$1,582,000.

The OIG has identified seven challenges that represent the most pressing concerns for the Department. We will discuss a number of our work products as they relate to these challenges.

1. Addressing the Persisting Crisis in the Federal Prison System
2. Safeguarding National Security Consistent with Civil Rights and Liberties
3. Enhancing Cybersecurity in an Era of Ever-Increasing Threats
4. Effectively Implementing Performance-Based Management
5. Ensuring Effective and Efficient Oversight of Law Enforcement Programs
6. Upholding the Highest Standards of Integrity and Public Service
7. Protecting Taxpayer Funds from Mismanagement and Misuse

With these resources, the OIG will be able to sustain the number of quality audits, inspections, investigations, and special reviews it conducts to help assure Congress and the taxpayers that the substantial funding provided to support these Department priorities and infrastructure investments are used efficiently, effectively, and for their intended purposes.

Electronic copies of the Department of Justice Congressional Budget Justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: <http://www.justice.gov/02organizations/bpp.htm>

### **2. Background**

The OIG was statutorily established in the Department on April 14, 1989. The OIG is an independent entity within the Department that reports to both the Attorney General and Congress on issues that affect the Department's personnel or operations.

The OIG has jurisdiction over all complaints of misconduct against Department of Justice employees, including the Federal Bureau of Investigation (FBI); Drug Enforcement Administration (DEA); Federal Bureau of Prisons (BOP); U.S. Marshals Service (USMS); Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF); United States Attorney's Offices (USAO); Office of Justice Programs (OJP); and other Offices, Boards and Divisions. The one exception is that allegations of misconduct by a Department attorney or law enforcement personnel that relate to the exercise of the Department attorney's authority to investigate, litigate, or provide legal advice are the responsibility of the Department's Office of Professional Responsibility.

The OIG investigates alleged violations of criminal and civil law, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and efficacy. Appendix A contains a table that provides statistics on the most recent Semiannual Reporting period. These statistics highlight the OIG's ongoing efforts to conduct wide-ranging oversight of Department programs and operations.

## **OIG Organization**

The OIG consists of the Immediate Office of the Inspector General and the following five divisions and one office:

- Audit Division is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has regional offices in Atlanta, Chicago, Denver, Philadelphia, San Francisco, and Washington, D.C. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, and Advanced Audit Techniques.
- Investigations Division is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Fraud Detection Office and the Cyber Investigations Office are located in Washington, D.C. The Investigations Division has smaller area offices in Atlanta, Boston, Trenton, Detroit, El Paso, Houston, San Francisco, and Tucson. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations, Operations II, Investigative Support, Research and Analysis, and Administrative Support.
- Evaluation and Inspections Division conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- Oversight and Review Division blends the skills of attorneys, investigators, program analysts, and paralegals to review Department programs and investigate sensitive allegations involving Department employees and operations.
- Management and Planning Division provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

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

### **3a. Notable Reviews and Recent Accomplishments**

#### **Addressing the Persisting Crisis in the Federal Prison System**

The Department continues to face two interrelated crises in the federal prison system. First, despite a slight decrease in the total number of federal inmates in FY 2014, the Department projects that the costs of the federal prison system will continue to increase in the years ahead, consuming a large share of the Department's budget. Second, federal prisons remain significantly overcrowded and therefore face a number of important safety and security issues. The following are some examples of the OIG's oversight efforts in this critical challenge area.

During April 2014 thru September 2014, the OIG opened 115 investigations and referred 25 allegations to the Bureau of Prisons Office of Internal Affairs (BOP) for action or investigation. At the close of the reporting period, the OIG had 216 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; and force, abuse, and rights violations.

#### BOP's Residential Reentry Center Contract with Glory House, Inc.

In July 2014, the OIG audited a BOP contract with Glory House, Inc., to operate and manage the Residential Reentry Center (RRC) located in Sioux Falls, South Dakota. The contract had an estimated award amount of \$9,416,880. The audit disclosed that the Sioux Falls RRC did not comply with all the criteria outlined in the contract statement of work (SOW) for RRC operations. Specifically, the Sioux Falls RRC did not always: (1) update the Individualized Program Plans in a timely manner or with the detail required by the SOW; (2) submit inmate release plans and terminal reports in a timely manner; and (3) conduct monthly inmate vehicle searches.

#### BOP financial administrator charged with making false statements

In June 2014, a BOP financial administrator was arrested pursuant to criminal information charging him with making a false statement. The information alleged that the BOP administrator submitted to the BOP a false Financial Disclosure Report stating he had no reportable outside employment position when in fact he knew he had a business relationship with a for-profit BOP contractor that distributed medical products. The investigation was conducted by the OIG's Dallas Field Office.

#### International Prisoner Transfer Program

The OIG is examining the progress the Department has made to more effectively manage the International Prisoner Transfer Program, which allows selected foreign national inmates to serve the remainders of their sentences in their home countries' prison systems. The review will also further evaluate factors that limit the number of inmates ultimately transferred.

## *Ongoing BOP Reviews*

### BOP Aging Inmates

The OIG is examining the impact of the BOP's aging inmate population on inmate and custody management, including programming, housing, and costs. The review will also assess the recidivism rate of inmates aged 50 and older that were released from FY 2006 through FY 2013.

### BOP Contract with Reeves County Detention Center

The OIG is auditing a BOP contract awarded to the Reeves County Detention Center located in Pecos, Texas. The preliminary objective is to assess the BOP's and contractor's compliance with contract terms and conditions in the areas of billings and payments, staffing requirements, and contract oversight and monitoring. The scope of this audit is focused on but not limited to contract performance from October 1, 2008.

### Private Contract Prisons

The OIG is examining how the BOP monitors its private contract prisons; whether contractor performance meets inmate safety and security indicators requirements; and how contract facilities compare with similar BOP facilities in terms of inmate safety, security, and cost.

## **Safeguarding National Security Consistent with Civil Rights and Liberties**

The Department's national security efforts continue to be a focus of the OIG's oversight work, which has consistently shown that the Department faces myriad challenges in its efforts to protect the nation from attack.

### Boston Marathon Bombings

In April 2014, The Inspectors General for the Intelligence Community, the Department of Justice, the Department of Homeland Security (DHS), and the Central Intelligence Agency (CIA) issued a report on the handling and sharing of information prior to the April 15, 2013, Boston Marathon bombings. The review examined the information available to the U.S. government before the bombings and the information sharing protocols and procedures followed among the intelligence and law enforcement agencies. The OIGs concluded that the Federal Bureau of Investigation (FBI), CIA, DHS, and National Counterterrorism Center generally shared information and followed procedures appropriately. They identified a few areas where broader information sharing may have been required, such as FBI coordination with the CIA after receiving lead information in 2011, or where broader information sharing on Joint Terrorism Task Forces (JTTF) should be considered. The report included recommendations that the FBI and DHS clarify JTTF alert procedures and that the FBI consider establishing a procedure for sharing threat information with state and local JTTF partners more proactively and uniformly.

### A Review of the FBI's Use of National Security Letters: Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009.

In August 2014, The OIG issued a report examining the FBI's progress in implementing recommendations from prior reports involving the use of national security letters (NSL) and the use of NSLs from 2007 through 2009. This report follows up on the OIG's March 2007 and March 2008 reports on the FBI's use of NSLs after the enactment of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) in 2001, as well as the OIG's separate January 2010 report on the FBI's use of exigent letters and other informal methods to obtain telephone records. In sum, the OIG's latest report found that the FBI and the Department have devoted considerable resources toward implementing the recommendations made in the OIG's past reports and taking additional

measures to improve the FBI's compliance with NSL requirements. The OIG found that the FBI and the Department have fully implemented 31 of 41 recommendations made in the OIG's prior reports on these topics, and that 10 recommendations require additional information or attention. In addition, because the OIG identified challenges in certain areas during its compliance review, the OIG made 10 new recommendations to the FBI and the Department to further improve the use and oversight of NSLs. The FBI agreed with the recommendations.

#### Patriot Act

In September 2014, the OIG issued its most recent Patriot Act report, which summarized the OIG's Section 1001 activities from January 1 through June 30, 2014. The report described the number of complaints the OIG received under this section and the status of investigations conducted by the OIG and Department components in response to those complaints. Section 1001 of the Patriot Act directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to send a semiannual report to Congress discussing the OIG's implementation of these responsibilities.

#### Use of Material Witness Warrants

In September 2014, the OIG issued a report examining the Department's use of the federal material witness statute in international terrorism investigations from 2000 through 2012. The OIG evaluated the cases of approximately 112 material witnesses detained during this period, from which the OIG identified 12 individuals whose arrests appeared to raise questions regarding whether the Department was misusing the statute. The OIG's in-depth review of the 12 individuals' cases did not find sufficient evidence to conclude that the Department misused the statute in international terrorism investigations. Specifically, the OIG review found no evidence that the Department's use of the statute in these 12 individuals' cases resulted in the arbitrary or indiscriminate detention of Muslim men, and it confirmed that the statute was used for its intended purpose—to secure relevant testimony from a witness who might flee—rather than as a pretext to preemptively detain and investigate individuals suspected of criminal offenses.

### **Enhancing Cybersecurity in an Era of Ever-Increasing Threats**

In an era of ever-increasing cyber threats, the Department will be challenged to sustain a focused, well-coordinated cybersecurity approach for the foreseeable future. The Department must continue to emphasize protection of its own data and computer systems, while marshalling the necessary resources to combat cybercrime and effectively engaging the private sector. The OIG is prepared to address these cyber challenges.

#### Next Generation Cyber Initiative

The OIG is evaluating the FBI's implementation of its Next Generation Cyber Initiative, which is intended to enhance the FBI's ability to combat cyber intrusions. The audit will also assess whether the FBI has established outreach efforts to facilitate information sharing and collaboration with the private sector.

#### Insider Threat Prevention and Detection Program

The OIG has become part of the Department's Insider Threat Prevention and Detection Program (ITPDP), which is designed to deter, detect, and mitigate insider threats that would use their authorized access to do harm to the security of the U.S., including damage through espionage, terrorism, unauthorized disclosure of information, or through the loss or degradation of departmental resources or capabilities. The initial focus is Department classified information and networks; the plan is to expand to unclassified law enforcement sensitive information.

There are two parts to OIG's role in the DOJ ITPDP. One requires the OIG to work with the Department in its efforts to monitor user network activity relating to classified material and networks. The second part of the ITPDP involves the Investigations Division Cyber Investigations Office using a dedicated position that will act as a law enforcement liaison to the Department's security operations center relating to other cyber matters such as unauthorized access, network intrusion, child exploitation, and other potential violations of 18 USC 1030. The OIG intends to utilize this position to generate new cyber investigative leads and potential cases.

## **Effectively Implementing Performance-Based Management**

Performance-based management has been a long-standing challenge not only for the Department but across the entire federal government. Office of Management and Budget (OMB) Circular No. A-11 and the Government Performance and Results Modernization Act (GPRA) place a heightened emphasis on priority-setting, cross-organizational collaboration to achieve shared goals, and the use and analysis of goals and measurements to improve outcomes. A significant management challenge for the Department is ensuring, through performance-based management, that its programs are achieving their intended purposes. The OIG will ensure that the Department is effectively implementing performance-based management and taking actions to meet the requirements of the GPRA Modernization Act.

### Procurement of X-ray Equipment

In June 2014, the OIG issued an audit of the Bureau of Prisons September 2011 procurement of 65 pallet sized x-ray machines used to enhance its ability to detect contraband. The BOP purchased the x-ray machines in response to a thwarted attempt by an inmate to smuggle in contraband in August 2010. The OIG found significant concerns about the use of the pallet x-ray machines to assist with contraband detection, while trying to effectively identify contraband prior to moving goods into secure areas of the institutions. The audit confirmed that the machines were not effective for screening certain commodities commonly received by institution warehouses because those products are too dense to be effectively scanned. Additionally, prior to the audit, the BOP had no formal policy outlining the actual capabilities of the new x-ray machines and what additional measures should be in place for pallets that are too dense to be effectively scanned. The OIG identified three machines that were not in use as of January 2014, representing \$182,556 in expended funds for which no benefit has been actualized. The OIG made seven recommendations to the BOP to help ensure that the pallet x-ray machines are used effectively, and that the security concerns discussed in this report are mitigated as quickly as possible. The BOP agreed with the recommendations.

### Public Safety Officers' Benefits Programs

Public Safety Officers' Benefits (PSOB) Programs provide education and death benefits to eligible survivors of federal, state, or local public safety officers, and disability benefits to eligible public safety officers, as the direct result of death or catastrophic personal injury sustained in the line of duty. The audit will assess the process used by the PSOB to make determinations for death and disability claims, paying particular attention to claims for which no initial determination had been made within 1 year of the claim's initiation.

### Pre-Trial Diversion and Drug Court Programs

Pre-trial diversion and drug court programs are alternatives to incarceration that enable prosecutors, judges, and correctional officials to divert certain offenders from traditional criminal justice proceedings into programs designed to address the underlying cause for criminal behavior. This OIG audit will evaluate the design and implementation of the programs, variances

in the usage of the programs among the USAOs, and costs savings associated with successful program participants.

## **Ensuring Effective and Efficient Oversight of Law Enforcement Programs**

The Department continues to be challenged in its oversight role of the vast variety of complex and evolving law enforcement issues. It is crucial that the Department ensure proper oversight of its programs while acting consistent with the protection of civil rights for American citizens.

### FBI Laboratory Task Force

In July 2014, the OIG issued a follow-up report related to alleged irregularities by the FBI Laboratory. The OIG analyzed how a Department Task Force in operation from 1996 through 2004 managed the identification, review, and follow-up of cases involving the use in criminal prosecutions of scientifically unsupportable analysis and overstated testimony by 13 FBI Laboratory examiners. The OIG found serious deficiencies in the Department's and the FBI's design, implementation, and overall management of the case review process. The deficiencies included: (1) the Department did not treat capital cases with sufficient urgency; (2) the Department did not review all cases involving a problematic examiner; (3) the Department inappropriately eliminated multiple categories of cases from review; (4) the Department failed to ensure all disclosures were made; (5) the Department failed to adequately staff the Task Force that conducted the review; and (6) the Department was deficient in its communications with the prosecutors. The OIG made five recommendations to the Department and the FBI regarding additional review of cases and notification to defendants whose convictions may have been tainted by unreliable scientific analyses and testimony. The Department and FBI agreed with the recommendations.

### The FBI's Sentinel Program

In September 2014, the OIG issued the 10th in its series of audit reports on Sentinel, the FBI's electronic information and case management system. Since Sentinel's initial development in 2006, the OIG issued to the FBI nearly 50 recommendations to help the FBI address significant issues in managing the development and implementation of Sentinel. Since its initial deployment in July 2012, Sentinel's budget has increased from \$451 million to \$551.4 million. Critical OIG recommendations resulted in FBI corrective actions, such as the FBI moving to an incremental approach to Sentinel development, tracking budget data consistently, implementing contingency planning, and ensuring adequate staffing for Sentinel support and end-user training. This OIG report examined Sentinel's effect on the FBI's daily operations, while also reviewing the project costs and updates made since July 2012. The FBI employees surveyed for this report indicated that Sentinel has had an overall positive impact on their work, yet some expressed dissatisfaction with two major functions of the system: search and indexing. The OIG found that only 42 percent of respondents who used Sentinel's search functionality often received the results they needed; 41 percent of survey respondents reported that they spent more time indexing in Sentinel than they did in the previous system. Over a third of the survey respondents also reported that Sentinel was missing features that they believed are critical to their duties, including features related to Sentinel's integration with other FBI IT systems. The FBI agreed with the OIG's three recommendations to address these findings.

### Equitable Sharing Audits

Under the Department's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with the Department's law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.

The OIG audited \$14,437,545 in Department equitable sharing revenues received by the New York Police Department (NYPD) for equitable sharing program activities for July 1, 2008 through June 30, 2011. The OIG determined that the NYPD did not submit its Agreement and Certification Forms in a timely fashion, potentially inhibiting the Criminal Division Asset Forfeiture and Money Laundering Section's management and oversight. The audit also found that the equitable sharing database could not be updated when the NYPD received equitable sharing receipts because the requisite identification numbers were not always properly entered into the system. The OIG made two recommendations to the Criminal Division to assist in its oversight of the NYPD's equitable sharing program. Both the Criminal Division and the NYPD agreed with the recommendations.

The OIG audited \$1,393,971 in Department equitable sharing revenues received by the Arlington Heights Police Department (Arlington Heights PD) equitable sharing program activities for May 1, 2010, through April 30, 2012. While the OIG determined that the Arlington Heights PD expended equitable sharing funds in accordance with the guidelines, the Arlington Heights PD did not separately account for equitable sharing receipts in the official accounting records, incorrectly categorized several expenditures, inaccurately reported non-cash assets received, and did not separately account for interest income earned on Department equitable sharing funds. Further, it neither maintained copies of all equitable sharing requests, nor maintained the request log in the form required by the 2009 Equitable Sharing Guide. The OIG made four recommendations to the Criminal Division to assist in its oversight of the Arlington Heights PD's equitable sharing program.

### **Upholding the Highest Standards of Integrity and Public Service**

Charged with enforcing the nation's laws and defending its interests, the Department's senior officials and employees are expected to uphold the highest standards of integrity. Meeting this expectation is a key component in fulfilling the Department's crucial role in public service.

#### Improper Hiring Practices

In November 2014, the OIG released a report examining allegations of improper hiring practices by senior officials in the DOJ Executive Office for Immigration Review (EOIR). The OIG's investigation focused on possible violations of the federal nepotism prohibition and other personnel rules arising from the hiring of four students who were relatives of the three most senior officials in the organization – EOIR Director, Chairman of the Board of Immigration Appeals, and a Chief Immigration Judge. We also found that the practice of hiring relatives of employees into Student Temporary Employment Program positions in EOIR generally was widespread, constituting 16% of hires into the program from 2007 through 2012.

#### Deputy U.S. Marshal charged with intent to defraud and mislead

In September 2014, a Deputy U.S. Marshal was arrested and pled guilty to criminal information filed in the U.S. District Court for the Northern District of California charging him with two counts of introduction and delivery in interstate commerce of unapproved drugs with intent to

defraud and mislead. According to the guilty plea, on or about November 2010 and July 2012, the U.S. Marshals Service (USMS) employee knowingly caused the manufacture and distribution in interstate commerce of two purported dietary supplements, Methastadrol and Lipodrene, both which contained drugs that were not approved by the Food and Drug Administration. Both products were knowingly labeled as dietary supplements but, in fact, could not be defined as dietary supplements. The active ingredient in Methastadrol was a Schedule III anabolic steroid, and the active ingredient in Lipodrene was the unapproved drug Ephedrine. This joint investigation was conducted by the OIG's New York Field Office, the DEA, and the Food and Drug Administration's Office of Criminal Investigations.

#### Conspiracy to defraud the Internal Revenue Service

In September 2014, a former FBI Special Agent and his spouse were arrested and pled guilty to a one count criminal information charging conspiracy to defraud the Internal Revenue Service (IRS). According to court filings and statements, the defendants conspired to divert monies from their jointly-owned pharmacy by using various financial institutions and, in addition, filed false tax returns for tax years 2004 through 2011. The former Special Agent also admitted to filing false financial disclosure statements with the FBI for the years 2007 through 2011. According to the criminal information to which the defendants entered their guilty pleas, the amount diverted totaled approximately \$1.5 million, and the total tax loss from the fraud was between \$200,000 and \$400,000. The employee resigned from his FBI position effective July 23, 2013, as a result of the investigation. Sentencing was scheduled for December 2014. The investigation was conducted by the OIG's New Jersey Area Office and the IRS.

#### Off-duty conduct of employees on official travel or assignment in foreign countries

The OIG will be examining the Department and five components' policies, guidance, and training governing the off-duty conduct of employees on official travel or assignment in foreign countries. The five components in the review are ATF, Criminal Division, DEA, FBI, and USMS.

#### BOP employee charged with submitting false documents

In July 2014, a BOP psychology technician was sentenced in the Northern District of Georgia pursuant to her guilty plea to one count of making a false official certificate or writing. The former BOP employee was sentenced to 12 months' probation and ordered to pay restitution of \$42,822.47. In pleading guilty, the employee admitted to submitting documents that falsely stated she was performing duties that met the requirements for a federal student loan repayment program, thereby fraudulently obtaining over \$40,000 in student loan repayments. The employee resigned from her position as a result of this investigation. The investigation was conducted by the U.S. Department of Health and Human Services and the OIG's Atlanta Area Office.

#### **Protecting Taxpayer Funds from Mismanagement and Misuse**

The OIG's recent oversight work assists the Department in its efforts to ensure that taxpayer funds are protected from fraud, mismanagement, and misuse. It is essential that the Department continue to manage its resources wisely and maximize the effectiveness of its programs even as the Department's current budget environment improves.

#### Annual Risk Assessment of Department Charge Card Program

In September 2014, the OIG issued a report assessing the risk of misuse of Department charge cards that identified specific issues relating to purchasing methods and recommended actions to reduce the risk of illegal, improper, or erroneous purchases and payments. The report covered four types of purchasing methods used by the Department: purchase cards (generally centrally

billed accounts used to buy items and services), travel cards (usually individually billed accounts used by employees to pay for costs associated with official travel), integrated cards (used only by ATF and combine the features of purchase and travel cards in a single account), and convenience checks (written from specially-designated purchase or integrated card accounts to pay for goods and services from vendors that do not accept charge cards).

In FY 2013, Department employees purchased a total of more than \$900 million in goods and services, representing 9,298 active purchase card accounts with over \$705 million in activity, 33,249 active travel card accounts with over \$194 million in activity, and 3,984 active integrated card accounts with over \$38 million in activity. In addition, 85 Department employees had the authority to use convenience checks and wrote 1,000 checks valued at more than \$513,000. Ninety-nine percent of these checks were issued by ATF and the FBI during FY 2013.

The report identified specific areas where the Department may need to take action. For example, the OIG found that 640 purchase, travel, and integrated card accounts recorded no charges for at least 180 days and therefore should be suspended or closed. In addition, the Department needs to ensure that charge card bills are reconciled properly and that card holders receive the required training regarding the use of their centrally billed accounts. Further, the OIG identified a limited number of instances where charge card accounts had not been closed after the employee had left the Department.

Although used much less frequently than other methods examined, the OIG determined that convenience checks present the highest risk of misuse. Out of 50 high-dollar convenience checks sampled, the OIG identified 6 (12 percent of the sample) valued at \$11,679 that should not have been written because the employee either wrote a check to a vendor that accepted charge cards, converted a check to cash, or did not document that they had secured the necessary prior approval to use a convenience check. The OIG made four recommendations to the Department and its components to improve internal controls and help reduce the risk of fraud, waste, and misuse in this area. The Department agreed with the recommendations.

#### Department of Justice FY 2013 Compliance with the *Improper Payments Information Act of 2002*

In April 2014, the OIG examined the Department's FY 2013 compliance with the improper payments reporting requirements of the *Improper Payments Information Act of 2002*, as amended. The examination assessed the Department's compliance with OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, and OMB Circular A-136, *Financial Reporting Requirements*, as they relate to the *Improper Payments Information Act of 2002*, as amended. The OIG concluded that the Department complied, in all material respects, with the above mentioned requirements for FY 2013.

#### Office of Violence Against Women grantee audits

The OIG audited an OVW grant totaling \$1,750,000 awarded to the Crisis Center for Domestic Abuse and Sexual Assault (Crisis Center) in Fremont, Nebraska. The audit found that the Crisis Center did not comply with essential grant conditions in the areas of internal controls, grant expenditures, and grant reporting. Specifically, the Crisis Center did not maintain timesheets for grant-funded personnel that showed the amount of time worked on the grant or documentation supporting the data reported in its progress reports. The audit also identified grant expenditures that were not supported by adequate documentation detailing the allocation of costs across multiple funding sources. Overall, the audit identified \$174,521 in questioned costs. The audit made three recommendations to OVW to address dollar related findings and five

recommendations to improve the management of Department grants. Both the grantee and OVW agreed with the recommendations.

The OIG audited two grants totaling \$1,409,822 awarded to the Coalition to Stop Violence Against Native Women (CSVANW) to provide resources for organizing and supporting efforts to end violence against Indian women. The audit found that the CSVANW did not comply with essential award conditions in several areas including internal controls, drawdowns, grant expenditures, budget management and control, financial reporting, program performance and accomplishments, post grant end-date activity, and special grant requirements. Specifically, the CSVANW did not have current or complete fiscal policies, drew down excess cash for each of its 82 drawdowns, and had \$79,026 in unallowable and unsupported expenditures. Additionally, the CSVANW did not submit accurate budget narratives to OVW for approval, and did not consistently submit accurate or timely financial reports, including the final financial report submitted during closeout. The audit made 13 recommendations to OVW to remedy questioned costs and address the issues noted during the audit. OVW agreed with the recommendations.

#### BOP contractor agrees to civil settlement

In September 2014, Galligan Wholesale Meat Company, formerly a Denver-based contractor supplying meat to the BOP, agreed to pay \$80,000 in a civil settlement with the United States. Galligan had contracted with the BOP to provide ground beef products that met the BOP contractual specification of 80 percent lean meat and 20 percent fat but, instead, fraudulently provided the BOP with ground beef products that contained less than 80 percent lean meat and higher percentages of fat. Prior to the settlement, Galligan had voluntarily surrendered its federal inspection license to produce federally inspected products and closed the business. The investigation was conducted by the U.S. Department of Agriculture Food Safety Inspection Service, the Affirmative Civil Enforcement Unit of the U.S. Attorney's Office for the District of Colorado, and the OIG's Denver Field Office.

### **Whistleblower Ombudsperson**

The OIG's Whistleblower program continues to be an important source of information regarding waste, fraud, and abuse within the Department, and to perform an important service by allowing Department employees to come forward with such information. As publicity about retaliation against whistleblowers from across the federal government continues to receive widespread attention, it is particularly important that the Department act affirmatively to ensure that whistleblowers feel protected and, indeed, encouraged to come forward.

During the past 6 months, the OIG Whistleblower Ombudsperson Program has continued to focus its efforts on expanding outreach and training throughout the Department. In April 2014, the Deputy Attorney General sent a memorandum to all Department employees encouraging them to view the educational video prepared by the OIG entitled, "Reporting Wrongdoing: Whistleblowers and their Rights and Protections," and the OIG is working with the Department's components to assist them in integrating whistleblower education within their training programs. The BOP has made viewing this video mandatory for all employees, and the DEA has posted links to the video and the Deputy Attorney General's memorandum on its intranet. The OIG also is partnering with the FBI in the development of specialized training that will highlight the particular requirements applicable to FBI employees.

The OIG Ombudsperson program also continued its outreach to non-governmental organizations active in the whistleblower area, including hosting representatives of these organizations at the

Council of the Inspectors General on Integrity and Efficiency (CIGIE) Whistleblower Ombudsman working group meetings that the OIG continued to chair during the reporting period for the purpose of sharing information and best practices. The OIG Ombudsperson also was invited to speak about these issues to the Council of Federal Ombudspersons, at the annual conference of Inspectors General organized by the CIGIE, and at the National Government Ethics Summit organized by the United States Office of Government Ethics.

As a result of newly-developed tracking mechanisms within the OIG, the OIG Ombudsperson Program has enhanced its ability to ensure that these important matters are handled in a timely fashion. The OIG continuously enhances the content on its public website, [www.justice.gov/oig](http://www.justice.gov/oig).

The OIG has continued to refine its internal mechanisms to ensure that the OIG is promptly reviewing whistleblower submissions and communicating with those who come forward with information in a timely fashion. Finally, the OIG has committed to ensuring that appropriate language reflecting whistleblower rights and protections is included in its non-disclosure agreements to further ensure that employees are fully aware that the OIG strongly encourages them to come forward with evidence of wrongdoing and that the OIG will work to ensure that their rights and protections are fully observed.

### **Congressional Testimony**

The Inspector General testified on four occasions, including before the U.S. Senate Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on April 3, 2014, regarding the Department's FY 2015 budget request; before the U.S. Senate Committee on Homeland Security and Governmental Affairs on April 30, 2014, regarding the U.S. government's handling and sharing of information prior to the Boston Marathon Bombings; before the U.S. House of Representatives Committee on the Judiciary on September 9, 2014, regarding the OIG's access to information in the Department's possession; and before the U.S. House of Representatives Committee on Oversight and Government Reform on September 10, 2014, regarding Inspectors' General access to information in their respective agency's possession.

### **3b. Support for the Department's Savings and Efficiencies Initiatives.**

In support of the DOJ's SAVE initiatives, the OIG contributed to the Department's cost-saving efforts in FY 2014, including:

- *Increasing the use of self-service online booking for official travel.* The OIG's online booking rate for FY 2014 official travel was 91%, for estimated savings of \$19,845 over agent-assisted ticketing costs.
- *Reducing commercial carrier shipping costs.* In FY 2014, the OIG reduced its overnight commercial shipping costs by 15% compared to FY 2013 expenditures, saving more than \$5,000.
- *Using non-refundable airfares rather than contract airfares or non-contract refundable fares (under appropriate circumstances).* From February through September 2014, the OIG achieved cost savings of \$7,572 on non-refundable tickets.
- *Increased use of video conferencing.* Saved training and travel dollars, as well as productive staff time while in travel status, by utilizing increased video teleconferencing for all applicable OIG-wide training.

Getting the most from taxpayer dollars requires ongoing attention and effort. The OIG continues to look for ways to use its precious resources wisely and to examine how it does business to further improve efficiencies and reduce costs.

#### **4. Challenges**

Like other organizations, the OIG must confront a variety of internal and external challenges that affect its work and impede progress towards achievement of its goals. These include the decisions Department employees make while carrying out their numerous and diverse duties, which affects the number of allegations the OIG receives, Department support for the OIG's mission, and financial support from the OMB and Congress.

For the OIG to conduct effective oversight, it must have complete and timely access to all records in the Department's possession that the OIG deems relevant to its review. Most of the OIG's audits and reviews are conducted with full and complete cooperation from Department components and with timely production of material. However, there have been occasions when the OIG has had issues arise with timely access to certain records due to the Department's view that access was limited by other laws. For a review to be truly independent, an Inspector General must have the authority to determination about what agency records are relevant and necessary. The recent legislative changes in the 2015 Appropriations Act are expected to result in more timely production of all relevant materials from the Department to the OIG.

The limitation on the OIG's jurisdiction has also been an ongoing impediment to strong and effective independent oversight over agency operations. While the OIG has jurisdiction to review alleged misconduct by non-lawyers in the Department, it does not have jurisdiction over alleged misconduct committed by Department attorneys when they act in their capacity as lawyers – namely, when they are litigating, investigating, or providing legal advice. In those instances, the Inspector General Act grants exclusive investigative authority to the Department's Office of Professional Responsibility (OPR). As a result, these types of misconduct allegations against Department lawyers, including any that may be made against the most senior Department lawyers (including those in Departmental leadership positions), are handled differently than those made against agents or other Department employees. The OIG has long questioned this distinction between the treatment of misconduct by attorneys acting in their legal capacity and misconduct by others, and this disciplinary system cannot help but have a detrimental effect on the public's confidence in the Department's ability to review misconduct by its own attorneys.

The OIG's greatest asset is its highly dedicated personnel, so strategic management of human capital is paramount to achieving organizational performance goals. In this regard, the OIG must use all available recruitment tools and hiring flexibilities in a competitive job market to attract – and keep – top talent. Hiring up to its full staffing complement, then maintaining an optimal, committed, and engaged workforce is critical to the OIG's overall performance and ability to achieve desired results. The OIG's focus on ensuring that its employees have the appropriate analytical and technological skills for the OIG's complex mission will continue to bolster its reputation as a premier federal workplace and improve retention and results. The length of time it takes to conduct more complex audits, investigations, and reviews is directly impacted by the number of experienced personnel the OIG can devote to these critical oversight activities.

## II. Summary of Program Changes

Item Name	Description				Page
		Pos.	FTE	Dollars (\$000)	
<b>Contract Oversight</b>	Enhancement of contract oversight	<b>0</b>	<b>15</b>	<b>2,970</b>	<b>25</b>
<b>Council of Inspectors General on Integrity and Efficiency (CIGIE) Operations</b>	The OIG is requesting funding for its annual share of supporting the government efforts and operations of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).	<b>0</b>	<b>0</b>	<b>580</b>	<b>29</b>

## III. Appropriations Language and Analysis of Appropriations Language

For necessary expenses of the Office of Inspector General, [\$88,577,000] \$93,709,000, including not to exceed \$10,000 to meet unforeseen emergencies of a confidential character.

### Analysis of Appropriations Language

No substantive changes

#### IV. Program Activity Justification

##### A. Office of the Inspector General

<b>OIG</b>	<b>Direct Pos.</b>	<b>Estimate</b>	<b>Amount</b>
2014 Enacted	474	440	\$86,400,000
2015 Enacted	474	440	\$88,577,000
Adjustment to base and Technical Adjustments	0	0	\$1,582,000
2016 Current Services	474	440	\$90,159,000
2016 Program Increases	0	15	\$3,550,000
2016 Request	474	455	\$93,709,000
<b>Total Change 2015-2016</b>	<b>0</b>	<b>15</b>	<b>\$5,132,000</b>

##### 1. Program Description

The OIG operates as a single decision unit encompassing audits, inspections, investigations, and reviews.

## 2. Performance and Resource Tables

<b>PERFORMANCE AND RESOURCES TABLE (Goal 1)</b>										
<b>Decision Unit:</b> OIG/Audits, Inspections, Investigations, and Reviews										
<b>DOJ Strategic Plan:</b> Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.										
<b>OIG General Goal #1:</b> Detect and deter misconduct in programs and operations within or financed by the Department.										
<b>WORKLOAD/RESOURCES</b>	<b>Target</b>		<b>Actual</b>		<b>Projected</b>		<b>Changes</b>		<b>Requested (Total)</b>	
	<b>FY 2014</b>		<b>FY 2014</b>		<b>FY 2015</b>		<b>Current Services Adjustment and FY 2016 Program Changes</b>		<b>FY 2016 Request</b>	
<b>Total Costs and FTE</b>	<u>FTE</u>	<u>\$000</u>	<u>FTE</u>	<u>\$000</u>	<u>FTE</u>	<u>\$000</u>	<u>FTE</u>	<u>\$000</u>	<u>FTE</u>	<u>\$000</u>
(reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)	440	\$86,400	440	\$86,400	440	\$88,577	15	\$5,132	455	\$93,709
		[\$12,650]		[\$12,650]		[\$11,360]		[\$50]		[\$11,410]
<b>Performance Report and Performance Plan</b>										
Number of Cases Opened per 1,000 DOJ employees:										
	Fraud*		*	0.67		*				
	Bribery*		*	0.15		*				
	Rights Violations*		*	0.19		*				
	Sexual Crimes*		*	0.43		*				
	Official Misconduct*		*	1.34		*				
	Theft*		*	0.10		*				
<b>Workload</b>										
	Investigations closed	264	402	310	0	310				
	Integrity Briefings/Presentations to DOJ employees	80	91	80	0	80				
	DOJ employees at Integrity Briefings	3,080	4,732	3,500	0	3,500				
*Indicators for which the OIG only reports actuals.										

**PERFORMANCE AND RESOURCES TABLE (Goal 1)  
(continued)**

**Decision Unit:** OIG/Audits, Inspections, Investigations, and Reviews

**DOJ Strategic Plan:** Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.

**OIG General Goal #1:** Detect and deter misconduct in programs and operations within or financed by the Department.

WORKLOAD/RESOURCES	Target		Actual		Projected		Changes		Requested (Total)	
	FY 2014		FY 2014		FY 2015		Current Services Adjustment and FY 2016 Program Changes		FY 2016 Request	
<b>Total Costs and FTE</b>	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
(reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)	440	\$86,400	440	\$86,400	440	\$88,577	15	\$5,132	455	\$93,709
		[\$12,650]		[\$12,650]		[\$11,360]		[\$50]		[\$11,410]
<b>Performance Report and Performance Plan</b>										
<b>Intermediate Outcome</b>										
Percentage of Investigations closed or referred for prosecution within 6 months **		75%		71%		75%		0%		75%
Number of closed Investigations substantiated*		*		243		*		*		*
Arrests *		*		84		*		*		*
<b>End Outcome</b>										
Convictions *		*		88		*		*		*
Administrative Actions *		*		219		*		*		*
Response to Customer Surveys:										
Report completed in a timely manner (%)		90%		95%		90%		0%		90%
Issues were sufficiently addressed (%)		90%		99%		90%		0%		90%

\*Indicators for which the OIG only reports actuals.

\*\*Due to the composition and complexity of our cases in recent years, this has required more than 6 months in completing our caseload. Our caseload was approximately 70% BOP cases and those cases tended to be less complex and document-intensive, which lent itself to more timely resolution of these cases. Since then, we have been working to diversify our caseload by focusing more on developing cases in the other components and on developing contract and grant fraud cases, which are traditionally more complex and document-intensive and hence require more than 6 months to complete.

**PERFORMANCE AND RESOURCES TABLE (Goal 1)**

**DOJ Strategic Plan:** Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.

**OIG General Goal #1:** Detect and deter misconduct in programs and operations within or financed by the Department.

**Data Definition, Validation, Verification, and Limitations**

**A. Data Definition:**

The OIG does not project targets and only reports actuals for workload measures, the number of closed investigations substantiated, arrests, convictions, and administrative actions. The number of convictions and administrative actions are not subsets of the number of closed investigations substantiated.

**B. Data Sources, Validation, Verification, and Limitations:**

Investigations Data Management System (IDMS) – consists of a computer-based relational database system that became operational in June 2005.

The database administrator runs routine maintenance programs against the database. Database maintenance plans are in place to examine the internal physical structure of the database, backup the database and transaction logs, handle index tuning, manage database alerts, and repair the database if necessary. Currently, the general database backup is scheduled nightly and the transaction log is backed up in 3 hour intervals. We have upgraded to a web based technology.

Investigations Division Report of Investigation (ROI) Tracking System - a web-based SQL-Server application that tracks all aspects of the ROI lifecycle. The ROI and Abbreviated Report of Investigation (AROI) are the culmination of OIG investigations and are submitted to DOJ components. These reports are typically drafted by an agent and go through reviews at the Field Office and at Headquarters levels before final approval by Headquarters. The ROI Tracking System reads data from IDMS. By providing up-to-the-minute ROI status information, the Tracking System is a key tool in improving the timeliness of the Division's reports. The ROI Tracking System also documents the administration of customer satisfaction questionnaires sent with each completed investigative report to components and includes all historical data. The system captures descriptive information as well as questionnaire responses. Descriptive information includes the questionnaire form administered, distribution and receipt dates, and component and responding official. The database records responses to several open-ended questions seeking more information on deficiencies noted by respondents and whether a case was referred for administrative action and its outcome. Questionnaire responses are returned to Investigations Headquarters and are manually entered into the Tracking System by Headquarters personnel. No data validation tools, such as double key entry, are used though responses are entered through a custom form in an effort to ease input and reduce errors.

Investigations Division Investigative Activity Report – Most of the data for this report is collected in IDMS. The use of certain investigative techniques and integrity briefing activities are also tracked externally by appropriate Headquarters staff.

**C. FY 2015 Performance Report:**

For the workload measure "Investigations Closed," the OIG has plans to focus on more complex and document-intensive cases (e.g., grant and contract fraud) that require more in-depth financial and forensic analysis. The OIG is also diversifying its caseload to extend more investigative coverage to other Department components.

<b>PERFORMANCE MEASURE TABLE (Goal 1)</b>							
<b>Decision Unit/Program:</b> OIG/Audits, Inspections, Investigations, and Reviews							
<b>DOJ Strategic Plan:</b> Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.							
<b>OIG General Goal #1:</b> Detect and deter misconduct in programs and operations within or financed by the Department.							
<b>Performance Report</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Workload</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Target</b>	<b>Target</b>
Number of Cases Opened per 1,000 DOJ employees:							
Fraud*	0.50	0.58	0.51	0.63	0.67	*	*
Bribery*	0.24	0.21	0.20	0.16	0.15	*	*
Rights Violations*	0.11	0.10	0.13	0.17	0.19	*	*
Sexual Crimes*	0.29	0.40	0.37	0.35	0.43	*	*
Official Misconduct*	1.05	1.00	1.28	1.48	1.34	*	*
Theft*	0.17	0.22	0.22	0.22	0.1	*	*
Investigations closed	300	356	361	366	402	310	310
Integrity Briefings and Presentations to DOJ employees	91	89	134	85	91	80	80
DOJ employees attending Integrity Briefings	4,527	3,551	7,200	3,710	4,732	3500	3500
<b>Intermediate Outcome</b>							
Percentage of Investigations closed or referred for prosecution within 6 months**	N/A	N/A	71	72	71	75	75
Number of closed Investigations substantiated (QSR Measure)*	180	223	215	222	243	*	*
Arrests*	114	113	90	86	84	*	*
<b>End Outcome</b>							
Convictions*	105	104	94	63	88	*	*
Administrative Actions	207	198	192	266	219	*	*
Response to Customer Surveys:							
Report completed in a timely manner (%)	100%	100%	100%	100%	95%	90%	90%
Issues were sufficiently addressed (%)	100%	100%	100%	99%	99%	90%	90%

\* Indicators for which the OIG only reports actuals.

\*\*Due to the composition and complexity of our cases in recent years, this has required more than 6 months in completing our caseload. Our caseload was approximately 70% BOP cases and those cases tended to be less complex and document-intensive, which lent itself to more timely resolution of these cases. Since then, we have been working to diversify our caseload by focusing more on developing cases in the other components and on developing contract and grant fraud cases, which are traditionally more complex and document-intensive and hence require more than 6 months to complete.

**PERFORMANCE AND RESOURCES TABLE (Goal 2)**

**Decision Unit:** OIG/Audits, Inspections, Investigations, and Reviews

**DOJ Strategic Plan:** Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.

**OIG General Goal #2:** Promote the efficiency and effectiveness of Department programs and operations.

<b>WORKLOAD/RESOURCES</b>	<b>Target</b>		<b>Actual</b>		<b>Projected</b>		<b>Changes</b>		<b>Requested (Total)</b>	
							<b>Current Services</b>			
	<b>FY 2014</b>		<b>FY 2014</b>		<b>FY 2015</b>		<b>Adjustment and FY 2016 Program Changes</b>		<b>FY 2016 Request</b>	
<b>Total Costs and FTE</b>	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
(Reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total.)	440	\$86,400	440	\$86,400	440	\$88,577	15	\$5,132	455	\$93,709
		[\$12,650]		[\$12,650]		[\$11,360]		[\$50]		[\$11,410]
<b>Performance Report and Performance Plan Workload</b>										
Audit and E&I assignments initiated		89		94		92				92
Percent of Audit CSITAO* resources devoted to security reviews of major Dept. information systems		75%		98%		80%				80%
Percent of internal DOJ audit assignments that assess component performance measures		18%		47%		18%				18%
Percentage of E&I assignments opened and initiated during the fiscal year devoted to Top Management Challenges		45%		89%		70%				70%
Percent of direct resources devoted to audit products related to Top Management Challenges, and GAO and JMD-identified High-Risk Areas		80%		96%		80%				80%
<b>Intermediate Outcome</b>										
Audit and E&I assignments completed		84		104		87				87

\*Computer Security & Information Tecchnology Audit Office

**PERFORMANCE AND RESOURCES TABLE (Goal 2)  
(continued)**

**Decision Unit:** OIG/Audits, Inspections, Investigations, and Reviews

**DOJ Strategic Plan:** Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.

**OIG General Goal #2:** Promote the efficiency and effectiveness of Department programs and operations.

WORKLOAD/RESOURCES	Target		Actual		Projected		Changes		Requested (Total)	
							Current Services			
	FY 2014		FY 2014		FY 2015		Adjustment and FY 2016 Program Changes		FY 2016 Request	
Total Costs and FTE	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
(reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)	440	\$86,400	440	\$86,400	440	\$88,577	15	\$5,132	455	\$93,709
		[\$12,650]		[\$12,650]		[\$11,360]		[\$50]		[\$11,410]
<b>Performance Report and Performance Plan</b>										
<b>Intermediate Outcome</b>										
Percent of Audit resources devoted to reviews of grants and grant management		40%		54%		50%				50%
Percent of Audit resources devoted to reviews of contracts and contract management #		NA		NA		NA		10%		10%
Components receiving information system audits		5		9		5				5
Products issued to the Dept. containing significant findings or information for management decision-making by Audit & E&I		77		88		80				80
Percent of less complex internal DOJ reviews to be provided to the IG as a working draft within an average of 8 months		35%		100%		35%				35%
Percent of more complex internal DOJ reviews to be provided to the IG as a working draft within an average of 11 months##		35%		0%		35%				35%
Percent of contract, grant, IGA, and other external audits to be completed in draft within 8 months		50%		51%		50%				50%
Percent of less complex internal DOJ audits to be completed as a working draft within 8 months		35%		50%		40%				40%
Percent of more complex internal DOJ audits to be completed as a working draft within 13 months		35%		63%		45%				45%

# This is a new performance measure.

## This target was not achieved at 11 months as the average was over 12 months. The missed target was due to insufficient internal staffing and difficulty in obtaining data from components

**PERFORMANCE AND RESOURCES TABLE (Goal 2)  
(continued)**

Decision Unit: OIG/Audits, Inspections, Investigations, and Reviews

**DOJ Strategic Plan:** Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.

**OIG General Goal #2:** Promote the efficiency and effectiveness of Department programs and operations.

**Data Definition, Validation, Verification, and Limitations**

**A. Data Definition:**

"Assignment" covers all audits (including internals, CFO Act, and externals, but **not** Single Audits), evaluations, and inspections. "Assignments" may also include activities that do not result in a report or product (e.g., a memorandum to file rather than a report); or reviews initiated and then cancelled.

**B. Data Sources, Validation, Verification, and Limitations:**

Project Resolution and Tracking (PRT) system- PRT was implemented on April 18, 2011; this OIG system was designed to track audits, evaluations, and reviews from initiation to completion, including the status of recommendations. The system provides senior management with the data to respond to information and to track and report on current status of work activities.

and Inspection Tracking System (ITS).

**C. FY 2015 Performance Report:** N/A

<b>PERFORMANCE MEASURE TABLE (Goal 2)</b>							
<b>Decision Unit/Program:</b> OIG/Audits, Inspections, Investigations, and Reviews							
<b>DOJ Strategic Plan:</b> Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States.							
<b>OIG General Goal #2:</b> Promote the efficiency and effectiveness of Department programs and operations.							
<b>Performance Report</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Workload</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Target</b>	<b>Target</b>
Audit and E&I assignments initiated	142	124	116	103	94	92	92
Percent of Audit CSITAO resources devoted to security reviews of major Dept. information systems	82%	92%	97%	75%	98%	80%	80%
Percent of internal DOJ audit assignments that assess component performance measures	20%	20%	42%	40%	47%	18%	18%
Percentage of E&I assignments opened and initiated during the fiscal year devoted to Top Management Challenges.* [Refined Measure]	NA	NA	NA	NA	89%	70%	70%
Percent of direct resources devoted to E&I products related to Top Management Challenges, and GAO and JMD-identified High-Risk Areas.	89%	86%	93%	81%	NA	NA	NA
Percent of direct resources devoted to audit products related to Top Management Challenges, and GAO and JMD-identified High-Risk Areas.	89%	86%	93%	96%	96%	80%	80%
<b>Intermediate Outcome</b>							
Audit and E&I Assignments completed*	128	99	109	117	104	87	87
Percent of Audit resources devoted to reviews of grants and grant management	49%	39%	42%	40%	54%	50%	50%
Percent of Audit resources devoted to reviews of contracts and contract management #	NA	NA	NA	NA	NA	NA	10%
Components receiving information system audits	7	8	11	6	9	5	5
Products issued to the Dept. containing significant findings or information for management decision-making by Audit and E&I	107	99	187	98	88	80	80
Products issued to Congress by Audit and E&I*	49	91	94	98	NA	NA	NA
Percent of E&I assignments completed within 7 months*	40%	25%	NA	25%	NA	NA	NA
Percent of less complex internal DOJ reviews to be provided to the IG as a working draft within an average of 8 months. [Refined Measure]##	NA	NA	NA	NA	100%	35%	35%
Percent of more complex internal DOJ reviews to be provided to the IG as a working draft within an average of 11 months. [Refined Measure]	NA	NA	NA	NA	0%	35%	35%
Percent of contract, grant, IGA, and other external audits to be completed in draft within 5 months*	64%	54%	34%	22%	NA	NA	NA
Percent of contract, grant, IGA, and other external audits to be completed in draft within 8 months [Refined Measure]	NA	NA	NA	49%	51%	50%	50%
Percent of less complex internal DOJ audits to be completed as a working draft within 8 months. [New Measure]	NA	NA	NA	NA	50%	40%	40%
Percent of internal DOJ audits to be completed in draft within 1 year*	NA	NA	NA	40%	NA	NA	NA
Percent of more complex internal DOJ audits to be completed as a working draft within 13 months [New Measure]	NA	NA	NA	NA	63%	45%	45%

\*This measure will no longer be used. It may or may not be replaced by a refined measure. measures are based on sequestration, subsequent budgetary cuts, and reduced staffing levels.

#This is a new performance measure

## This target was not achieved at 11 months but rather the average was 12.8 months. The missed target was attributable to unplanned events related to difficulty obtaining data from components and staffing challenges.

### **3. Performance, Resources, and Strategies**

#### **a. Performance Plan and Report for Outcomes**

As illustrated in the preceding Performance and Resources Tables, the OIG helps the Department achieve its strategic goals and promotes efficiency, integrity, economy, and effectiveness through conduct of its audits, inspections, investigations, and reviews. For the Department's programs and activities to be effective, Department personnel, contractors, and grantees must conduct themselves in accordance with the highest standards of integrity, accountability, and efficiency. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of the Department's employees in their numerous and diverse activities.

The OIG continues to review its performance measures and targets, especially in light of the changing nature of the cases it investigates and the Department programs it audits and reviews. Today's work is much more complex and expansive than it was only a few years ago. The number of documents to be reviewed, the number of people to interview, the amount of data to examine, and the analytical work involved in many OIG products are significantly greater than in prior years. The OIG ensures sufficient time and resources are devoted to produce high-quality, well-respected work.

#### **b. Strategies to Accomplish Outcomes**

The OIG will devote all resources necessary to investigate allegations of bribery, fraud, abuse, civil rights violations, and violations of other laws and procedures that govern Department employees, contractors, and grantees, and will develop cases for criminal prosecution and civil and administrative action. The OIG will use its audit, inspection, and attorney resources to review Department programs or activities identified as high-priority areas in the Department's Strategic Plan and devote resources to review the Department's Top Management and Performance Challenges.

## V. Program Increases by Item

<b>A. Item Name:</b>	<b>Enhanced Contract Oversight</b>
Strategic Goal:	2.6 Protect the federal fisc and defend the interests of the United States
Strategic Objective:	Supporting the Mission: Efficiency and Integrity in the Department of Justice
Budget Decision Unit:	Audits, Inspections, Investigations, and Reviews
Organizational Program:	OIG
Program Increase:	Positions <u>0</u> FTE <u>15</u> Dollars <u>\$2,970,000</u>

### **Description of Item**

The OIG is requesting a Program Increase of \$2,970,000 for the enhancement of contract oversight. Our request is comprised of 15 FTE (0 positions) which includes 10 auditors and 5 agents to be located in selected Audit and Investigations field offices nation-wide.

### **Justification**

Anytime taxpayer funds are distributed to third parties, such as grantees and contractors, there is an increased risk of mismanagement and misuse. Throughout the federal government, procurement has historically been prone to fraud and waste. Improving management in this area, while minimizing loss, continues to be a daunting challenge. Contract spending at the Department of Justice (DOJ or Department) for each of the past five years has been approximately \$7 billion, according to USASpending.gov, which represents over 25 percent of DOJ's discretionary budget. This program increase will allow the OIG to expand oversight to this high-risk area. For instance, DOJ reported \$15.4 million in improper commercial payments in FY 2013. The requested program increase will allow the OIG to audit higher risk contract expenditures, investigate allegations of waste and fraud for possible criminal or civil violations, evaluate the Department's development and implementation of prudent procurement policies and procedures, assess compliance with Department procurement policies and the Federal Acquisition Regulations (FAR), and review the Department's suspension and debarment activities .

OIG intends to model the enhanced contract oversight program similar to the grant oversight program, which has seen much success and positive results from both audits and investigations. For example, over the prior 5 fiscal years (FY 2010 to FY 2014), the Department has awarded approximately \$13 billion in grants. During this same time period, the OIG issued more than 200 grant-related audit reports containing about 1,000 recommendations and nearly \$100 million of "dollar-related" findings, which have included both questioned costs and funds that could have been put to better use. In addition, from FY 2009 to FY 2013, the OIG opened 109 grant-related investigations that resulted in 12 convictions, and more than \$1.6 million in recoveries. Most recently, OIG reported in its Semiannual Report to Congress (covering the six month period from April 1, 2014 – September 30, 2014) approximately \$13.4 million in questioned

costs, \$8.0 million in unsupported costs, and \$0.7 million in funds put to better use related to grant funding.

The OIG can recruit and hire individuals that have the requisite contract expertise in the Federal Acquisition Regulation and experience in contract auditing and fraud investigations. The ten auditors will be dispersed across the Audit Division's regional audit offices, giving the offices the necessary skills and ability to enhance contract oversight. The five investigators will be assigned to the OIG Investigations Division Fraud Detection Office (FDO). With the requested increase, the OIG will be able to expand our contract oversight without sacrificing our cost effective grant and program activity oversight. Currently, FDO is comprised of ten agents, one forensic auditor, and one investigative specialist. FDO agents and auditors possess significant contract and grant fraud experience.

The OIG Investigations Division established the FDO to provide centralized detection and investigation services to the Department components for contracts, grants, programs, and operations. In addition, the FDO assists other OIG offices by providing investigative and forensic audit support to fraud investigations undertaken by them. The FDO has nationwide responsibility for the management of the fraud program.

In the past, the FDO has successfully developed a grant fraud initiative that includes outreach to grant giving components on a quarterly basis, liaison with State Administering Agencies receiving grant funds, provision of training to agents related to grant fraud, nationwide grant fraud investigations, and collaboration with the Audit Division on fraud indicators. The OIG is a leader in the grant fraud community. OIG representatives speak at nationwide conferences, as well as in the IG community to further grant fraud investigations. As a participant in the Financial Fraud Enforcement Task Force, specifically leading the Grant Fraud Subcommittee, OIG has worked with the IG community to improve internal controls over and transparency of grant funds. The OIG was an active participant with the Council on Financial Assistance Reform (COFAR) to make recommendations for improvements to the OMB Circular reforming the federal grant process (December 2013).

As mentioned above, the Department spent approximately \$7 billion in contracts for FY 2014. BOP is the largest component awarding funds with \$2.2 billion in contracts; followed by the FBI with \$1.5 billion; and Offices, Boards, and Divisions with \$1.4 billion. Given the FDO's present staffing levels, the OIG was only able to investigate a small portion of the billions of dollars spent in procurements each year.

Providing the OIG with the requested additional resources for contract oversight will greatly assist with the formalization of a robust contract fraud initiative, while allowing OIG to continue its significant grant fraud efforts. Currently, the OIG maintains a contract fraud program which consists of outreach, liaison, training, and investigations. However, the OIG believes that this program can be made more robust with additional agents. The ten auditors and five additional agents with contract fraud experience would enable OIG to focus its contract fraud initiatives in the areas such as Information Technology contracts, medical billing for inmates and detainees, drug treatment counseling, and small business certifications.

Funding this important program increase will further support the OIG's ongoing efforts to rebuild staff and oversight capabilities back to pre-sequestration levels. Furthermore, the program increase request is consistent with Department leadership interest in the OIG providing increased oversight of potential waste, fraud, and abuse in contract matters. The OIG takes very seriously its commitment to taxpayers, Congress, and other stakeholders to continue providing quality reports and results. The OIG believes that this request will significantly enhance its ability to provide the high level of quality work that stakeholders expect.

### **Impact on Performance**

Additional resources would allow the OIG to provide more rigorous oversight of the Department's contract activities. At current staffing levels, agents divide their time between grant fraud and contract fraud matters. However, contract oversight and fraud investigations require specialized knowledge and expertise. The OIG continuously reassesses our efforts to ensure the proper amount of oversight is attributed commensurate with the level of assessed risk. As grant funding continues to be an area in need of critical oversight (DOJ reported \$9.7 million in improper grant expenditures in FY 2014), it would be imprudent to redirect existing OIG resources from grant oversight to another program area and run the risk of diminished coverage in this equally important and high-profile program area.

All personnel requests are in direct support of the Department's Strategic Goals and Objectives. The OIG is a key player in meeting the Department's Strategic Goals and Objectives by providing leadership in integrity, efficiency and effectiveness, and management excellence. We propose adding a performance measure:

Strategic Objectives 2.6: Protect the federal fisc and defend the interests of the United States.

General Goal #2: Promote the efficiency and effectiveness of Department programs and operations.

Intermediate Outcome goal: Percent of Audit resources devoted to reviews of contracts and contract management. Our target level for this new performance measure is 10 percent.

## Funding

### **Base Funding**

FY 2014 Enacted				FY 2015 Enacted				FY 2016 Current Services			
Pos	agt/ atty	FTE	\$(000)	Pos	agt/ atty	FTE	\$(000)	Pos	agt/ atty	FTE	\$(000)
0	0/0	0	0	0	0/0	0	0	0	0/0	0	0

### **Personnel Increase Cost Summary**

Type of Position/Series	Modular Cost per Position (\$000)	Number of Positions Requested (FTE's)	FY 2016 Request (\$000)	FY 2017 Net Annualization (change from 2016) (\$000)	FY 2018 Net Annualization (change from 2017) (\$000)
Accounting and Budget (0500-0599)	175	10	1,750	779	0
Criminal Investigative Series (1811)	244	5	1,220	500	0
<b>Total Personnel</b>	-	15	2,970	1,279	0

### **Total Request for this Item**

	Pos	Agt/ Atty	FTE	Personnel (\$000)	Non- Personnel (\$000)	Total (\$000)	FY 2017 Net Annualization (change from 2016) (\$000)	FY 2018 Net Annualization (change from 2017) (\$000)
Current Services	0	0	0	0	0	0	0	0
Increases	0	0	15	2,202	768	2,970	1,279	0
<b>Total</b>	0	0	15	2,202	768	2,970	1,279	0

**V. Program Increases by Item**

**B. Item Name: Funding for Council of Inspectors General on Integrity and Efficiency (CIGIE)**

Budget Decision Unit(s): Audits, Inspections, Investigations, and Reviews  
 Strategic Goal(s) & Objective(s): Supporting the Mission: Efficiency and Integrity In the Department of Justice  
 Organizational Program: OIG

Program Increase: Positions +0 Agt/Atty +0/+0 FTE +0 Dollars +\$580,000

Description of Item

The OIG is requesting \$580,000 to fund its support of the government-wide efforts of the Council of Inspectors General on Integrity and Efficiency (CIGIE).

Justification

This funding will support the coordinated government-wide activities that identify and review areas of weakness and vulnerability in federal programs and operations with respect to fraud, waste, and abuse.

**Funding**  
(Dollars in Thousands)

Base Funding

FY 2014 Enacted				FY 2015 Enacted				FY 2016 Current Services			
Pos	Agt/Atty	FTE	\$0	Pos	Agt/Atty	FTE	\$0	Pos	Agt/Atty	FTE	\$0
0	0/0	0	\$468	0	0/0	0	\$468	0	0/0	0	\$468

Personnel Increase cost Summary

Type of Position	Modular cost per Position (\$000)	Number of Positions Requested	FY 2016 Requested (\$000)	FY 2017 Net Annualization (change from 2016) (\$000)	FY 2018 Net Annualization (change from 2017) (\$000)
	\$0	0	\$0	\$0	\$0
Total Personnel	\$0	0	\$0	\$0	\$0

Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2016 Request (\$000)	FY 2017 Net Annualization (change from 2016) (\$000)	FY 2018 Net Annualization (change from 2017) (\$000)
Funding for Council of Inspectors General on Integrity and Efficiency (CIGIE)	1	1	\$580	\$0	\$0
<b>Total Non-Personnel</b>	<b>1</b>	<b>1</b>	<b>\$580</b>	<b>\$0</b>	<b>\$0</b>

Total Request for this item

	Pos	Agt/Atty	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)	FY 2017 Net Annualization (Change from 2016) (\$000)	FY 2018 Net Annualization (Change from 2017) (\$000)
Current Services	0	0/0	0	\$0	\$468	\$468	\$0	\$0
Increases	0	0/0	0	\$0	\$580	\$580	\$0	\$0
<b>Grand Total</b>	<b>0</b>	<b>0/0</b>	<b>0</b>	<b>\$0</b>	<b>\$1,048</b>	<b>\$1,048</b>	<b>\$0</b>	<b>\$0</b>

## APPENDIX A

# Statistical Highlights

April 1, 2014 – September 30, 2014

The following table summarizes Office of the Inspector General (OIG) activities discussed in our most recent *Semiannual Report to Congress*. As these statistics and the following highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (Department) programs and operations.

Source of Allegations	
Hotline (telephone, mail, and e-mail)	2,438
Other Sources	3,669
Total allegations received	6,107

  

Investigative Caseload	
Investigations opened this period	206
Investigations closed this period	218
Investigations in progress as of 9/30/14	445

  

Prosecutive Actions	
Criminal indictments/informations	48
Arrests	52
Convictions/Pleas	50

  

Administrative Actions	
Terminations	19
Resignations	55
Disciplinary action	56

  

Monetary Results	
Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$4,581,477
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$205,000