

U.S. Department of Justice

Office of the Inspector General

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# Office of the Inspector General

## Semiannual Report to Congress

October 1, 1992 - March 31, 1993



## Special Tributes

The Office of the Inspector General depends upon the assistance of other Department of Justice employees for its successes. We would like to take this opportunity to honor two Departmental employees who have had a special impact on our work.

### John Britton

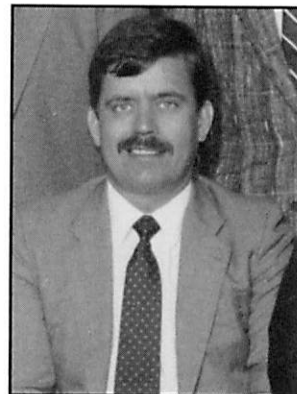
Special Agent John Britton, Immigration and Naturalization Service, Miami Border Patrol Sector Anti-Smuggling Unit, prompted the Office of the Inspector General to initiate the most successful computer fraud investigation in the OIG.

During the course of his duties, Britton noticed a pattern of irregularities concerning alien files in the Miami Immigration and Naturalization Service District Office, and he quickly informed the OIG that INS alien files may have been tampered with. His suspicions led to an

OIG investigation code-named Operation Byte.

Operation Byte identified a multi-ethnic organization that, through a corrupt INS employee, illegally manipulated INS' computerized alien records system and created over 1,700 false records. The scheme allowed illegal aliens to obtain "Green Cards" for as much as \$40,000.

With the cooperation of the Miami Sector Chief, Britton assisted the OIG in the investigation; as a result of Operation Byte, six



individuals, including an attorney, have been charged with bribery. Britton is an outstanding law enforcement officer, dedicated to maintaining the public trust and the integrity of the Department of Justice and of the Immigration and Naturalization Service.

### B. Janice Ellington

Assistant United States Attorney B. Janice Ellington, Southern District of Texas and assigned to the Corpus Christi office, served as the prosecutor for a joint OIG and Drug Enforcement Administration investigation.

A Bureau of Prisons cook was arrested for accepting a bribe and drugs from undercover agents. The cook planned to smuggle heroin and methamphetamine to two inmates, who would distribute the narcotics in the Federal prison. These inmates, who

were serving sentences on narcotics charges, were members of the Mexican Mafia.

The cook pleaded guilty and was sentenced to 10 months in prison. The co-conspirators pleaded guilty to conspiracy and possession with intent to distribute. Sentencing was scheduled for April 1993. Under sentencing guidelines, one of the co-conspirators faces a 20-year sentence.

Ms. Ellington used unerring judgment to manage threats



made against those involved in the case. Her successful prosecution of the case is a tribute to her dedication to duty and her commitment to law enforcement.

## Foreword

*This report, which summarizes the Office of the Inspector General (OIG) activities for the 6-month period ending March 31, 1993, is our eighth Semiannual Report to Congress.*

*Our accomplishments again show significant impact on Department of Justice programs and operations, with our audits, inspections, and investigations yielding impressive results. We also continue our focus on specific DOJ activities that the Department and OMB have identified as "high risk" areas for fraud, waste, and abuse.*

**Richard J. Hankinson**  
Inspector General

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# Overview

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## Mission

The Office of the Inspector General provides leadership and assists management to promote economy, efficiency, and effectiveness within the Department of Justice (DOJ). The OIG enforces federal bribery, fraud, waste, abuse and integrity laws and regulations within the Department and identifies for prosecution those individuals or organizations involved in financial, contractual, or criminal misconduct in DOJ programs and operations.

## Organization

The OIG carries out this mission through four components:

The Audit Division, headquartered in Washington, D.C., has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Northeast and Washington Regional offices located in Washington, D.C.

The Investigations Division has its headquarters in Washington, D.C. The Division has field offices in Chicago; El Paso; Brunswick, Georgia; Los Angeles; McAllen; Miami; New York; San Juan; San Diego; San Francisco; Seattle; Tucson; and Washington, D.C.

The Inspections Division and the Management and Planning Division are headquartered in Washington, D.C.

## Staffing and Budget

The OIG's FY 1993 appropriation provides 344 permanent positions, 348 workyears, five other than full-time permanent positions, and \$30,622,000; reimbursable amounts total \$7,520,000

and provide an additional 83 workyears. The FY 1994 President's budget request totals \$30,898,000, 335 permanent positions, 339 workyears, and five other than full-time permanent positions. The FY 1994 request reflects the Administration's efforts to meet targeted workyear and resource levels. Reimbursable agreements are expected to continue in FY 1994, providing an additional \$7,549,000 and 81 workyears.

## Personnel

The OIG's 1993 personnel ceiling by function is as follows: Immediate Office, 16; Audit, 172; Investigations, 167; Inspections, 48; Management and Planning, 33; total personnel, 436.

## OIG Initiatives

During the past 6 months, the OIG began several initiatives that warrant special discussion.

## National Performance Review

The OIG is actively supporting the Administration's new initiative to improve the effectiveness and efficiency of Government programs. In response to a request from Vice President Gore's Office, the OIG compiled information from previous OIG studies that could potentially contribute to the Administration's initiative on cost savings, on improvements in service delivery, and on improvements in the efficiency and effectiveness of Government.

The OIG is also participating in the Administration's efforts to include the general public in reporting problems and

## Office of the Inspector General

### Overview

### Executive Direction

providing solutions through the use of the OIG "hotline." Prior to the Administration's promotion of "hotline" numbers, the OIG averaged approximately 160 calls per month. Subsequent to the public announcement, our "hotline" handled 1,590 calls in March 1993.

Additionally, the Inspections Division has the distinction of having three of its managers assigned to the Vice President's National Performance Review Task Force.

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#### Performance Measurement System

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In a continuing effort to examine the effectiveness of our programs, the IG has initiated the development of a Performance Measurement System. This organization-wide effort began with a re-examination of the existing mission statement and organizational goals of the OIG. During the second phase of the project, two of the OIG's four divisions were examined to determine their effectiveness in accomplishing these goals. This work led to the development of division objectives and performance measures. A similar effort will be undertaken in the remaining two divisions this calendar year.

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#### Civil Rights

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In response to increased allegations of civil rights violations involving the Border Patrol in El Paso, Texas, the OIG developed a 90-day initiative that will provide a more immediate response to such allegations, will increase integrity awareness training for more than 600 INS Border Patrol agents and employees

through the Department's Community Relations Service, and will expedite the complaint process.

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#### Integrity Awareness and Integrity Enhancement

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The OIG has several ongoing initiatives involving integrity awareness throughout the Department, including an integrity enhancement initiative for the INS' data management system.

■ To educate DOJ employees on ethics and the consequences of misconduct, and on the preservation of the public trust, OIG agents throughout the country gave 53 Integrity Awareness briefings to Department employees and others; a total of 1,701 individuals attended the sessions. As a result of one of the sessions, INS supervisors placed OIG Hotline posters throughout John F. Kennedy International Airport in New York. The supervisors also distributed bribery awareness cards to all 350 INS staff at the airport.

■ The OIG participated on two INS committees designed to enhance the security of INS information management and the tracking of actions in its central data management system. One committee worked on enhancing internal controls for safeguarding the A-Files process. (A-Files contain data and documentation pertaining to an alien).

The other committee developed the Transaction Record Keeping System (TRKS) for the Central Index System—a computerized alien records system within INS that holds over 30 million records. The TRKS provides audit trail

capability, file transfer security, assignment of A-number ranges, error reports, and security violation reports.

These initiatives will improve the ability of the INS and the OIG to detect and prevent fraudulent activity involving the Central Index System. By being involved with INS at the start of a process and designing solutions to problems encountered, the OIG hopes to reduce the opportunity for corruption and the need for costly investigations.

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#### **Inspections Division Changes**

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The Inspections Division reorganized to enable the five Chief Inspectors to report directly to the Deputy Assistant Inspector General for Inspections and allow the Chief Inspectors to devote the vast majority of their time and effort to providing supervision to their staffs during the critical stages of the inspection process.

The Division also strengthened its internal review process by establishing an Office for Quality Assurance. The Office is responsible for monitoring the progress of all phases of an inspection through resolution and closure of an inspection report.

As another means to improve efficiency and effectiveness, a unit was established in the Inspections Division to handle non-criminal complaints about management practices or other matters concerning waste or abuse. The complaints reviewed are situations that do not fit well into the presently defined roles of Investigations, Inspections, or Audit, but are precise enough and seri-

ous enough that an appropriate review and response to the complainant is needed.

#### **President's Council on Integrity and Efficiency**

The Inspector General participates in the President's Council on Integrity and Efficiency (PCIE). During the past 6 months, the OIG has continued its representation on the Inspection Roundtable and attended the High Level Administrative Investigations Management PCIE Forum. In addition, the OIG responded to 21 audit-related inquiries, a request for information on the PCIE study on the Federal Government's use of contracted advisory and assistance services, and endorsed the PCIE Proposed Quality Standards for Inspections, which will be implemented throughout the OIG-Inspection/Evaluation community.

The Management and Planning Division hosted a PCIE Symposium on Performance Measurement in Government. Approximately 100 people from 42 IG offices attended the event. Speakers included representatives from the Office of Management and Budget, the General Accounting Office, and the Senate Governmental Affairs Committee. In addition, we described our work in developing OIG performance measures for those interested in beginning such a project.

#### **Review of Legislation Regulations**

The Inspector General Act requires that the Inspector General review proposed legislation relating to the programs and operations of the Department of Jus-

**Executive  
Direction**

## Executive Direction

tice. Although the Department's Office of Legislative Affairs and Office of Policy Development review all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation regarding fraud, waste and abuse in the Department's programs or operations, or other matters affecting the operations of the OIG. Over the past 6 months, the OIG reviewed and submitted comments on the Crime Control Act of 1993.

## High Risk Areas

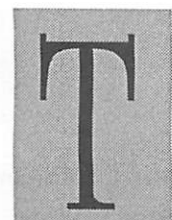
The Department and OMB identified specific DOJ activities that have a

"high risk" for fraud, waste, and abuse. The Department has 10 areas on the High Risk Area list published by OMB. Audits and inspections in these areas provide Department managers with assistance to correct specific high risk activities, thus ensuring improved operations within the Department. During this reporting period, the OIG issued 11 final audit reports and one inspection report that involved the following high risk areas: asset seizure and forfeiture, INS fee accounts, monitoring of private trustees, ADP security, and detention facilities.

High Risk Area	Type of Audit or Inspection
INS	Controls Over Established User Fee Accounts in the INS (Audit)
	Data Base Access Controls at the INS (Audit)
	INS Fee Accounts Annual Financial Statement FY 1991 (Audit)
	INS Fee Accounts Mgmt Letter Report FY 1991 (Audit)
Asset Seizure and Forfeiture	Asset Forfeiture Program Annual Financial Statement FY 1991 (Audit)
	Asset Forfeiture Program Management Letter Report FY 1991 (Audit)
	Contract Services for the Mgmt of Seized Assets (Audit)
	Equitable Sharing of Forfeited Property and Cash (Audit)
	Use of Equitable Sharing Funds by the Little Compton Police Department, Rhode Island (Audit)
Monitoring Private Trustees	Summary of Trustee Reports and Findings Issued During FY 1992 (Audit)
ADP Security	Data Base Access Controls at the INS (Audit)
Shortage of Detention and Handling Facilities	Detention Facilities in the INS (Inspection)



# Audit Division



The Audit Division is responsible for conducting independent reviews of Department of Justice organizations, programs, functions, automated data processing systems, and overseeing financial statement audits. The Audit Division also conducts or reviews the conduct of external audits of expenditures made under Department contracts, grants, and other agreements. All audits are conducted in accordance with the Comptroller General's *Government Auditing Standards*.

The Audit Division ensures balanced audit coverage of the Department by developing and executing an approved workplan that complies with the requirements of the Office of Management and Budget (OMB) Circular A-73, Revised, "Audit of Federal Operations and Programs." Audits are selected based on an audit universe, which is structured to identify the functions and programs within the Department. The audit universe is used to track the degree of audit coverage in each area, considering prior audit coverage and current management and audit priorities. By adhering to the requirements of OMB Circular A-73 and the audit workplan, the Audit Division makes maximum use of resources while providing broad audit coverage of the Department.

Audits are performed in three general categories: Internal, Trustee, and External. Internal audits address the programs and activities of the Department. Trustee audits, performed under a reimbursable agreement with the Executive Office for U.S. Trustees, examine the internal controls and cash management practices of panel and standing trustees

nationwide. External audit work includes the review and coordination of audits of State and local governments and non-profit organizations for which the Department has cognizance under the provisions of the Single Audit Act of 1984 and OMB Circulars A-128 and A-133. The Audit Division also performs audits of grants and contracts. In addition, the Audit Division assists the Investigations Division in complex fraud cases.

## Controls Over Established User Fee Accounts in the Immigration and Naturalization Service

Congress allows the INS to charge user fees for inspection and pre-inspection services, for processing various types of petitions and applications related to adjudication, legalization and naturalization, and for land border inspections in certain areas. An audit of controls over established user fee accounts found that INS' accounting system did not provide usable cost data applicable to the user fee program. Moreover, INS program managers had not identified all the direct and indirect program costs that should have been reimbursed from the revenues generated by the existing user fees. Consequently, the fees were not self sustaining. We estimate that in FY 1991, INS should have collected at least \$114.8 million

## The Audit Division

## Significant Audits



**In FY 1991, INS should have collected at least \$114.8 million more in user fee-related program costs.**

## Significant Audits

more in user fee-related program costs. This represents a significant loss of revenue, and if INS does not adjust the existing fees, we estimate the loss of approximately \$114.8 million annually hereafter. Since valid direct and indirect program costs went unidentified, appropriated funds essentially subsidized user fee-related program costs that should have been reimbursed from user fee revenues.

### Contract Services for the Management of Seized Assets

Prior audits of contract services for the management of seized assets in the United States Marshals Service (USMS) had identified serious weaknesses in USMS' ability to administer contracts. Our most recent audit found that, despite corrective actions, the quality of contract administration for managing seized assets needs improvement.

The USMS maintains, protects, and disposes of property seized under the Asset Forfeiture Program. To carry out these responsibilities, staff in the USMS Procurement Division and 94 USMS District Offices obtain services from private contractors. During the period October 1, 1990, through December 31, 1991, 76 contracts were in effect for managing seized assets with obligations totaling about \$40.7 million since the inception of the contracts.

Our most recent audit found that mismanagement of contracts resulted in almost \$2.8 million in excessive costs and lost revenues in the six USMS districts

surveyed. We noted that the USMS continues to do the following:

- Improperly pays settlement charges when selling real property.
- Improperly makes small purchases. The USMS makes purchases without authority, exceeding the small purchase limit, and uses small purchases for services for which a contract exists.
- Improperly monitors and reports obligations and expenditures.

We also identified additional weaknesses in the awarding and managing of real property contracts, in paying contractors according to the Federal Acquisition Regulation and the Prompt Payment Act, in monitoring contractors' performance, and in certifying bills for interagency agreements. If similar weaknesses are prevalent in the other USMS districts, excessive costs and lost revenues could total approximately \$6.4 million.

### Bureau of Prisons' Cash Management

An audit of cash management in the Bureau of Prisons (BOP) revealed that BOP accounting and administrative controls did not ensure that third-party draft payments and payments to construction contractors were properly protected from waste, fraud, or abuse. Moreover, BOP did not comply with Treasury and Department of Justice guidelines for administering the third-party draft system. As a result, we estimate that from January 1990 to December 1991, the BOP improperly used third-party drafts totaling \$7.7 million.

We also noted that BOP did not

**Excessive costs and lost revenues could total approximately \$6.4 million.**

comply with certain requirements of the Federal Acquisition Regulation and did not have sufficient internal procedures to document inspections of construction progress. BOP did not use procedures to review contractors' requests for payment or ensure that BOP contractors corrected substandard work before payment. As a result, the BOP awarded a construction contract approximately \$587,000 in excess of a Contracting Officer's authority; paid contractors before contract modifications were properly executed; paid for architectural and engineering services not received; improperly made approximately \$400,000 in advance payments to a contractor; and did not have assurances that contractors corrected substandard work before payment.

#### **Data Base Access Controls at the Immigration and Naturalization Service**

To carry out its mission of enforcing immigration laws, the INS relies on computers to collect, process, store, and transmit a variety of sensitive data. Our audit of Data Base Access Controls at INS disclosed vulnerabilities in certain computer security control areas. The audit noted that INS' data are vulnerable to either accidental or intentional destruction, modification, disclosure and unauthorized use. During the course of the audit, INS began implementing security measures that should provide a greater degree of control over the vulnerable areas. The initial distribution of the audit report will be limited due to the potential sensitivity of the items discussed in the report.

#### **Equitable Sharing of Forfeited Property and Cash**

The Equitable Sharing Program has two goals: to enhance cooperation among Federal, State, and local law enforcement agencies, and to produce revenues to enhance forfeitures and strengthen law enforcement. State and local law enforcement agencies may receive equitable sharing funds if they participate in a joint Federal investigation where assets are seized or forfeited, or if they seize assets on their own and request "adoption" of the seizure by a Federal investigative agency. Adoptive seizures allow State and local law enforcement agencies to receive a share of the seized assets that would be unavailable to them through State forfeiture proceedings.

An audit of the Equitable Sharing of Forfeited Property and Cash found that the State and local law enforcement agencies surveyed did not place approximately \$746,000 in earned interest from equitably shared income back into equitable sharing accounts. Due to our audit work, one agency returned \$703,050 in estimated earned interest to their equitable sharing account. We also noted that the surveyed agencies violated program guidelines by spending nearly \$45,000 of shared funds for non-law enforcement purposes. Moreover, Department staff incorrectly adjusted sharing amounts by miscalculating deductions of more than \$160,000 of Federal costs and by not recovering \$30,700 in Federal shares that were misdirected to State or

#### **Significant Audits**

**One agency returned \$703,050 in estimated earned interest to their equitable sharing account**



## Significant Audits

local law enforcement agencies. The Department inadequately tracked requests for equitable sharing funds and the decisions related thereto; in addition, the United States Marshals Service did not disburse equitable sharing funds on time.

Federal investigative agencies must notify the public of seized assets subject to forfeiture so that persons may file claims for the assets. We found that each agency used a different method for placing these advertisements, and we estimate the Department could save approximately \$627,000 in FY 1994 and a comparable amount annually thereafter by obtaining a Department-wide contract for legal advertising.

### Use of Equitable Sharing Funds by the Little Compton, Rhode Island Police Department

At the request of the Executive Office for Asset Forfeiture, we performed an audit of the \$1.8 million in equitable sharing funds and property received by the Little Compton, Rhode Island Police Department (LCPD). Local police departments may request equitable sharing funds from the Department of Justice when the local police department participates in a combined investigation with the Federal Government in which assets are seized or forfeited, or by seizing property on their own and requesting "adoption" of the seizure by a Federal investigative agency.

The Attorney General's Guidelines on Seized and Forfeited Property require that funds and property transferred to local police departments under the Equitable Sharing Program be used for law

enforcement purposes. We found that 73 percent of the \$168,665 in equitable sharing funds reviewed were either not used for law enforcement purposes, or the LCPD inadequately documented that use. We also found that the LCPD lacked sufficient internal controls to ensure that equitably shared funds and property are adequately safeguarded against waste, loss, misuse, or misappropriation. For example, cash-related duties were not adequately separated, and bank reconciliations were not always documented. The reconciliations that were documented did not always include outstanding invested funds. Additionally, the LCPD's disbursement records were inaccurate and did not reconcile with the records kept by the Town Treasurer.

### INS Fee Accounts Annual Financial Statement FY 1991

The Audit Division contracted with an independent public accounting firm to perform an audit of the financial statements of the INS Fee Accounts for the year ending September 30, 1991. The Department's plan to comply with the Chief Financial Officers Act of 1990 required this first financial statement audit of the fee accounts.

The auditors reported that they could not express an opinion because of the status of the INS Fee Accounts' accounting records, which made it impossible for them to perform the necessary audit procedures. Therefore, the auditors disclaimed an opinion on the principal statements, the notes to the principal statements, and the combining schedules of the fee accounts. The auditors also

reported seven material internal control weaknesses, including that the management of the fee accounts was unable to provide critical accounting information supporting various general ledger and principal statement balances. They also found problems with reconciliation and review procedures for all accounts, timely recording of accrued liabilities, completeness of revenue, expense allocations, and recording and collection of accounts receivables.

The auditors also reported that the management of the fee accounts was not in compliance with either the Budget and Accounting Procedures Act of 1950 or Title 2 of the General Accounting Office's Policy and Procedures Manual for Guidance of Federal Agencies. They also could not determine if INS was in compliance with the Anti-Deficiency Act.

#### Energy Management and Conservation Program

We performed an audit survey of the Department's Energy Management and Conservation Program, which we conducted as part of a President's Council on Integrity and Efficiency Government-wide review. An energy conservation program was established in the DOJ in 1974. The policies, procedures, and plan generally comply with the application of the laws and regulations. The DOJ plan includes the prescribed elements for meeting the Federally mandated energy reduction goals. However, we noted weaknesses in the areas of internal controls, reporting, plan distribution, and policies and procedures.

#### Procurement Activities in the Immigration and Naturalization Service

An audit of the INS' procurement activities revealed that INS failed to fully comply with various Federal regulations, as well as with Departmental and INS advanced procurement planning requirements.

INS officials did not fully and effectively fulfill their obligations and assume their functional and supervisory responsibilities over procurement; did not place sufficient emphasis on applicable Federal regulations and Department policy and requirements governing procurement actions; did not establish and implement internal operating policy and procedures for developing the annual advance procurement plan (APP); did not monitor the APP's implementation; and did not establish adequate internal controls and procedures necessary for the oversight of the procurement process and provide reasonable assurance of complete and accurate contract data reporting.

The review of contracts and small purchases disclosed that INS processed contracts in an untimely manner and used small purchases when it would have been more appropriate to consolidate needs and award a contract to meet those needs. We also found that the procurement data INS compiled and submitted to the Department contained a significant number of errors and was not always provided on time. Consequently, the Department and INS management did not have accurate

#### Significant Audits

**The Department and INS management did not have accurate knowledge of procurement activity at the INS.**



## Chief Financial Officers Act Audits

## Trustee Audits

## External Audits

knowledge of procurement activity at the INS.

INS' procurement policy and procedure manual was last revised in 1986, with some of the procedures dating back to 1959. The lack of current policy could preclude procurement personnel from receiving the current procurement policies needed to do their job properly.

### Chief Financial Officers Act Audits

The Audit Division is in its second year of overseeing audits performed under the requirements of the Chief Financial Officers (CFO) Act of 1990. CFO audits at the Department are performed by independent public accountants with oversight by Audit Division personnel. All of the FY 1991 Annual Financial Statement and Management Letter audit reports have been issued in final and are now either in the report follow-up process or closed.

The CFO audits of FY 1992 activities were started earlier this year at the request of the Office of Management and Budget. Audits ongoing are the Federal Prison Industries, Bureau of Prisons Commissary Trust Fund, Asset Forfeiture Program, Working Capital Fund, Immigration and Naturalization Service Fee Accounts, and Community Relations Service.

### Trustee Audits

The Audit Division has contributed significantly to the integrity of the bankruptcy system by performing financial audits of trustees under a reimbursable

agreement with the Executive Office for United States Trustees (EOUST). During the reporting period, 122 trustee reports were issued.

Financial and compliance audits are performed of Chapter 12 family farmer trustees to evaluate the adequacy of the trustees' accounting systems and related internal controls, compliance with major statutes that could have a material effect upon the financial information provided to the U.S. Trustees and the Courts, and the fairness of the trustees' financial representations. In addition, audits are performed of Chapter 7 panel trustees to provide the U.S. Trustees with an assessment of the quality of the panel trustees' accounting for bankruptcy estate assets, cash management practices, and other administrative procedures.

### External Audits

The Single Audit Act of 1984 and OMB Circulars A-128 and A-133 require recipients of Federal funds to arrange for an audit of their activities. During this period, we reviewed and transmitted 141 reports encompassing 754 Department contracts, grants and other agreements totaling \$370,223,785. These audits report on financial activities, compliance with applicable laws and, in many cases, the adequacy of recipients' internal controls over Federal expenditures. Reports on organizations over which the Department is cognizant or which have a preponderance of Departmental funds are reviewed to ensure they comply with generally accepted government auditing standards. In certain circumstances, the OIG performs audits of State and local

governments, nonprofit organizations, and Departmental contracts.

### **Management Information Memorandum**

During this period, the Audit Division issued one Management Information Memorandum to the Commissioner, Immigration and Naturalization Service, regarding alien transportation expenditures.

### **Audit Follow-up Activities**

OMB Circular A-50, "Audit Follow-up," requires audit reports to be resolved within 6 months of the audit report issuance date. The status of open audit reports are continuously monitored to track the audit resolution and closure process. As of March 31, 1993, the OIG closed 284 audit reports and was monitoring the resolution process of 102 open audit reports. Of this latter number, one audit report was over 6 months old and in disagreement as discussed below.

### **Audit in Disagreement**

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#### **Information and Systems Networks Corporation**

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The audit of the Information and Systems Networks Corporation (ISN) conducted by the Defense Contract Audit Agency found that ISN had paid excessive and unreasonable compensation to two top executives. The audit remains unresolved and was reported as such in our September 1992 Semiannual Report to the Congress. The audit report is subject to the Department of Defense (DOD)

resolution process. The DOD is considering litigation to recover funds from the contractor. The DOD will advise all Federal entities involved as soon as a determination is made on whether to litigate. At that time, DOJ officials can take appropriate action to resolve the report.

### **Management Information Memorandum**

### **Audit Follow-up Activities**

### **Audit in Disagreement**

## Audit Statistics

### Audits With Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision was made by beginning of period	12	\$1,064,244	\$241,085
Issued during period	10	\$791,570	\$37,089
Needing management decision during period	22	\$1,855,814	\$278,174
Management decisions made during period:			
Amounts management agreed to recover (disallowed)	16*	\$1,223,887	\$241,085
Amounts not sustained (not allowed)	0	0	0
No management decision at end of period.	7	\$631,927	\$37,089

\* The number of reports is higher since management has taken different types of action on a single report.

**Audits Involving  
Recommendations for  
Management Improvements**

**Audit  
Statistics**

<b>Audit Reports</b>	<b>Number of Audit Reports</b>	<b>Total Number of Mgmt Improvements Recommended</b>
No management decision was made by beginning of period	35	99
Issued during period	48	265
Needing management decision during period	83	364
Management decisions made during period:		
Number management agreed to implement	63*	264
Number not agreed to implement	0	0
No management decision at end of period.	26	100

\* The number of reports is higher since management has taken different types of action on a single report.

## Audit Statistics

### Enhanced Revenues

Audit Reports	Number of Audit Reports	Enhanced Revenues
No management decision was made by beginning of period	0	0
Issued during period	1	\$114,875,000*
Needing management decision during period	1	\$114,875,000
Management decisions made during period: Amounts management agreed to put to better use	0	0
No management decision at end of period.	1	\$114,875,000

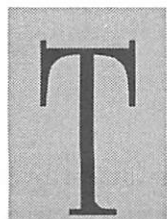
\* Annual Savings

### Funds Recommended to be Put to Better Use

Audit Reports	Number of Audit Reports	Funds Recommended to be Put to Better Use
No management decision was made by beginning of period	0	0
Issued during period	4	\$3,561,176
Needing management decision during period	4	\$3,561,176
Management decisions made during period: Amounts management agreed to put to better use	0	0
No management decision at end of period.	4	\$3,561,176



# Investigations Division



The Investigations Division investigates alleged violations of bribery, fraud, abuse, and integrity laws that govern the Department of Justice and the operations it finances. The Division also develops cases for criminal prosecution and possible civil or administrative action.

In some instances, the OIG refers allegations to bureaus within the Department. The OIG requests notification of the bureaus' findings and of any disciplinary action taken.

## Updates on Previously Reported Cases

■ A total of 22 individuals—including seven INS employees—have now been arrested in four separate investigations of corruption in one INS district office. The most recent arrests resulted from these investigations. The cases involved the sale of INS documents to ineligible undocumented aliens. Statements made by INS employee defendants indicate virtually all INS legalization applications processed in the sub-office within a 24-month period were fraudulent.

Sentencing for four employees, who either pleaded guilty or were found guilty, ranged from 30 days to 21 months in jail, in addition to 2 years probation. Judicial action is pending on the other two employees.

■ The OIG presented checks totaling \$615,285.85 to the Internal Revenue Service. The presentation marked the end of a case in which an immigration

attorney and her husband attempted to bribe an INS employee. The money, which represents cash seized and bribes paid in this case, was turned over to the IRS for federal taxes and penalties. The Bar Association to which the convicted lawyer belongs found that her conduct constituted moral turpitude and recommended to the court that she be disbarred based on her guilty plea.

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## Significant Investigations

### Embezzlement and Fraud

■ An operating accountant in an INS regional office created fraudulent payment documents authorizing the issuance of U.S. Treasury checks to companies for false purchase orders. Three co-conspirators received almost \$100,000 of Government funds for services that were never rendered. The co-conspirators kept approximately 50 percent of the funds and kicked back the balance to the employee through various bank accounts. All four defendants were arrested on charges of conspiracy and embezzlement. The accountant and two of the co-conspirators pleaded guilty. The remaining conspirator is awaiting trial.

■ An INS clerk is making restitution for embezzling approximately \$18,000 in

## The Investigations Division



## Significant Investigations

**Four individuals were arrested in a \$100,000 Government contract kickback scheme.**



## Significant Investigations

travel advances and using a Government travel request to purchase an airline ticket for her husband's personal use. She is facing adverse administrative action.

■ A BOP employee reported that, during the 5-month absence of a BOP site manager, an assistant manager for UNICOR used his position to fraudulently obtain unearned overtime pay. Other employees and inmates working for UNICOR verified the facts. The assistant manager admitted to fraudulently claiming overtime at least 22 times. He pleaded guilty to embezzling Government funds, and the BOP terminated his employment.

■ Among OIG investigations were two cases involving civilian document vendors. One vendor was posing as an INS legalization officer and selling counterfeit documents for \$3,000. OIG agents seized 33 counterfeit INS documents, destined for clients in the Philippines. Trial is scheduled for April 1993. In the second case, a civilian document vendor who was selling INS entry documents pleaded guilty to fraud and misuse of visas, permits, and other documents. Sentence is pending.

■ The INS terminated the employment of a supervisory immigration examiner after an investigation revealed that the examiner extorted money from subordinate employees, converted Government imprest funds to her own use, and filed duplicate vouchers for personal reimbursement.

### Illegal Drugs

■ A 2-year OIG and U.S. Customs Ser-

vice investigation led to the arrest and conviction of known drug traffickers who attempted to bribe an INS Border Patrol agent. The traffickers wanted information on Border Patrol activities so they could smuggle loads of marijuana into the United States. The Border Patrol agent assisted with the investigation and met with the traffickers. One of the traffickers is the son of a well-known drug lord who operated one of the most powerful smuggling organizations in Chihuahua, Mexico, until his death in 1989; the son took over the organization. The OIG and U.S. Customs Service joined forces with FBI OCDETF, who was also investigating the son. Two of the conspirators were arrested and convicted. The son received a sentence of 30 years and was fined \$100,000. The other received a sentence of 19½ years and was fined \$25,000. Three additional conspirators are fugitives and are believed to be in Mexico. As a result of the investigation, the U.S. Customs Service seized an estimated \$2 million in property, aircraft, vehicles, and cash.

■ An INS Border Patrol officer reported a bribe offer from narcotics traffickers to allow narcotic consignments past an INS checkpoint. This OIG and DEA investigation led to the seizure of 435 pounds of marijuana and two vehicles, and the arrest of two individuals. One of the individuals was convicted of bribery, and both were convicted for conspiracy and possession with intent to distribute narcotics.

■ A BOP cook foreman was indicted for conspiracy and for smuggling narcotics into a Federal prison. The cook admit-

ted to taking heroin, cocaine, and marijuana into the penitentiary. Prosecution is pending.

■ OIG and FBI agents investigated a case involving two female BOP correctional officers at a Federal Correctional Institution accused of smuggling drugs into the prison and of having sexual relations with inmates. One guard, indicted on charges of smuggling contraband into a Federal institution and distribution of a controlled substance, resigned from BOP and entered the Pre-Trial Diversion Program. The other guard resigned from BOP and was later arrested by local authorities for possession of 16 pounds of pure marijuana.

■ A BOP correctional officer, arrested by OIG and Operation Alliance agents on a narcotics possession charge, was released on his own recognizance. The officer was arrested again on charges of alien smuggling and possession of fraudulent documents when he tried smuggling a Mexican alien into the United States. He was sentenced to 2 years unsupervised probation. Judicial proceedings on the State narcotic violation are pending. The correctional officer was imprisoned for violating the conditions of his release from his second arrest.

#### **Bribery**

■ BOP contracts with various agencies in cities nationwide to house prisoners in structured, residential facilities. A parole officer alleged that managers of a Salvation Army Halfway House were taking bribes to allow Federal inmates to leave the facility on unauthorized furloughs.

An undercover OIG agent posed as an inmate and obtained information corroborating the allegations. A search of the halfway house revealed that reports to BOP concealed the identity of one manager, who had served several years in prison for armed robbery and had recently been arrested for homicide. Two managers were arrested and the facility was closed. The halfway house operated over 2 years and was receiving approximately \$30,000 per month from the BOP.

■ An INS supervisory immigration examiner and an INS applications clerk were convicted for fraudulently granting U.S. citizenship to more than 100 aliens. A Miami attorney, who was also involved in the scheme, was convicted for bribery, mail fraud, and other charges. The attorney recruited clients (the aliens) and falsified their INS applications. The examiner and the clerk processed and approved the fraudulent petitions. The examiner received a 4-year sentence; the applications clerk received a probated sentence for a felony violation; the attorney received a 6-month sentence, 3 years supervised probation, and a fine of \$10,000.

■ Between October 1990 and June 1993, an INS immigration examiner accepted approximately \$19,000 in bribes for expeditious processing of employment authorization card applications. He also solicited sexual favors from women,

#### **Significant Investigations**

**The attorney recruited clients (aliens) and falsified their INS applications. The examiner and the clerk processed and approved the fraudulent petitions.**

## Significant Investigations

promising he would expedite the processing of their applications. A contract guard funneled the applications to the examiner for a fee. The immigration examiner and the contract guard were arrested. Prosecution is pending.

■ A BOP foreman accepted bribes from inmates to allow contraband into a BOP institution. The foreman was assigned to the institution's warehouse where a parcel delivery company made routine deliveries for inmates. The payments and the contraband were concealed in the packages; sometimes, payments were mailed to the foreman's personal post office box. Undercover OIG agents paid the foreman with a money order to allow a delivery of contraband to an inmate. After receiving copies of the negotiated money order, the agents confronted the foreman. He confessed and immediately resigned from the BOP.

### Counterfeit Government Credentials

■ A local police department arrested a former deputy United States marshal for spousal abuse; the police discovered two unauthorized firearms and counterfeit USMS identification cards in his possession. The deputy had been previously arrested by OIG agents for bribery, was convicted, served 18 months in prison, and was out on probation. OIG and USMS agents arrested the former deputy as a felon in possession of firearms (a violation of the terms of his probation). At the parole revocation hearing, he pleaded guilty and was ordered to serve 1 year in prison.

■ An inmate at a Federal Correctional Institution alleged that a staff physician

offered to take care of his medical problems for \$10,000. The physician admitted that he accepted \$3,000 in cash as part of a \$50,000 interest free loan from the inmate. The physician resigned from BOP and government service.

### Theft

■ The OIG investigated cases of theft in the INS. Among those investigations were the following:

— An INS supply clerk pleaded guilty to stealing checks and money orders totaling \$2,000 from a detained Chinese alien. The clerk pleaded guilty and was sentenced to serve 3 months in prison, one year supervisory release, and to pay \$2,000 in restitution. The NYPD Chinese Community Relations Liaison informed the OIG of the allegation.

— An INS regional office performing a routine audit discovered that monies in alien fee accounts were unaccounted for. An OIG investigation revealed that approximately \$1,000 in money posted as immigration bonds was missing. An information officer admitted she had been "borrowing" money and had been unable to repay it before the audit. The U.S. Attorney's Office declined prosecution in favor of administrative action by INS, with the condition that adverse action towards the employee be taken and that restitution be made.

— An airline employee saw an INS immigration inspector steal cash from aliens arriving at an International Airport. OIG agents arrested the inspector for theft, and the INS terminated the inspector's employment. Trial is pending.

**Arrests**

**Arrests increased by  
17 percent**

63 arrests were made during the first half of FY 93, compared to 54\* made during the first half of FY 92.

**Indictments increased  
by 10 percent**

45 indictments were returned during the first half of FY 93, compared to 41 during the first half of FY 92.

**Convictions/Pleas  
increased by  
171 percent**

57 convictions/pleas were achieved during the first half of FY 93, compared to 21 during the first half of FY 92.

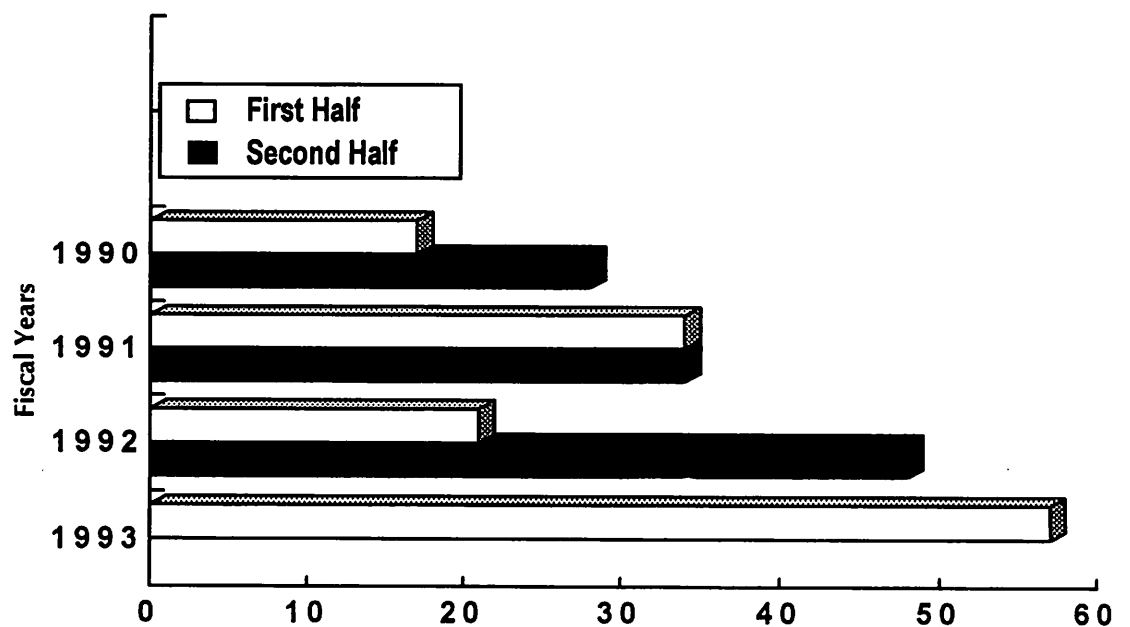
\* The total number of arrests reported for the period 10/01/91 to 03/31/92 was understated by six. The correct number of arrests for that period should have been 54 instead of 48.



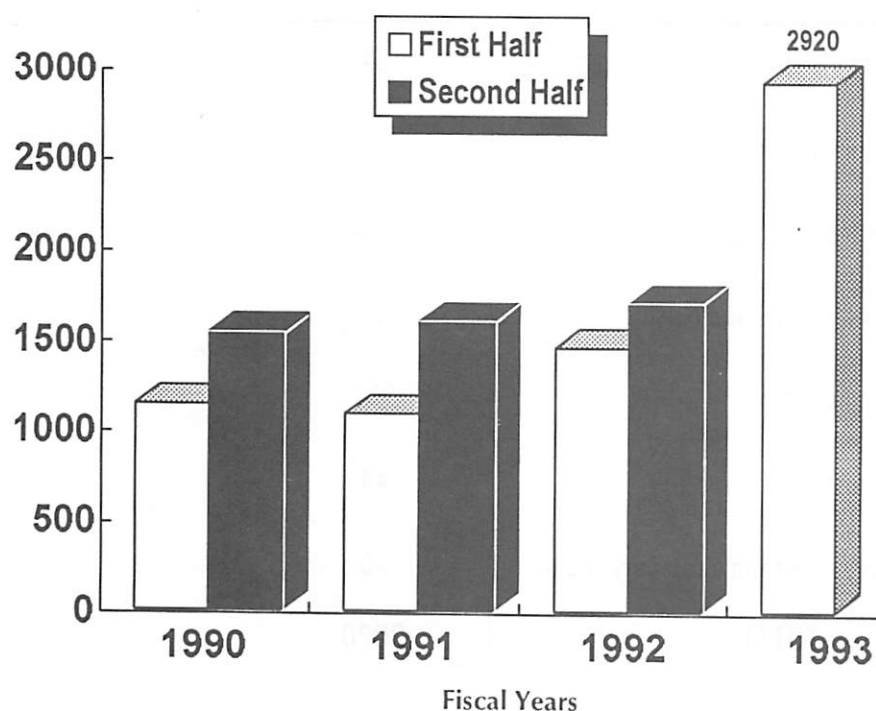
## Investigative Statistics

The number of convictions/  
pleas achieved for  
the first half of FY 93 were  
more than for  
any previous reporting period.

### Convictions and Pleas



**Allegations**



As a result of the President's National Performance Review, the number of allegations received for the first half of FY 93 were more than—or almost equal to—the total amount received in each of the previous three fiscal years.

## Investigative Statistics

### Hotline and Complaint Statistics

Source of Allegations Received	Number
--- Hotline (Telephone and Mail)	1594
--- Other Method	1326
<b>TOTAL Allegations Received</b>	<b>2920</b>
Disposition of Total Allegations Received	
--- Preliminary investigations in progress 03/31/93	89
--- Investigations initiated this period	216
--- Monitored referrals within DOJ	544
--- Mgmt. Issues within DOJ and outside DOJ	1027
--- Those requiring no action	960
--- Pending classification	44
--- Consolidated with one from a category above	40
<b>TOTAL</b>	<b>2920</b>

### Investigative Caseload

Investigative Caseload	
Investigations carried forward as of 09/30/92	313
--- Investigations reclassified/affecting count	15
--- Investigations opened this period	216
--- Investigations closed this period	182
<b>TOTAL investigations in progress as of 03/31/93</b>	<b>362</b>

## Prosecutive Actions

<b>Prosecutive Actions</b>	
--- Investigations referred for prosecution this period	64
--- Investigations accepted	60
--- Prosecutions declined	24
--- Pending acceptance for prosecution	22
Criminal indictments/informations	45
Number of Arrests	63
Convictions/Pleas	57

## Investigative Statistics

## Monitored Referrals

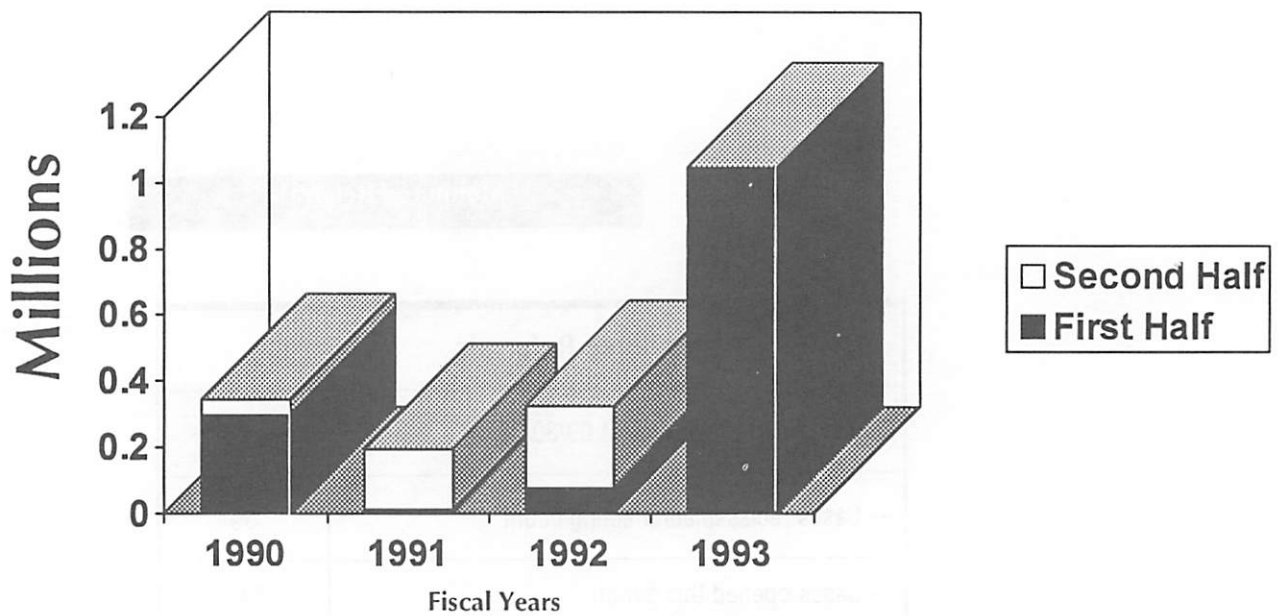
<b>OIG Monitored Referrals</b>	
Cases carried forward as of 09/30/92	1325
--- Cases reclassified/affecting count	39
--- Cases opened this period	544
--- Cases closed this period	387
<b>TOTAL cases in progress as of 03/31/93</b>	<b>1521</b>

## Investigative Statistics

### Monetary Results

Monetary Results	
Fines/Restitutions/Recoveries	\$1,046,803
Seizures	\$990

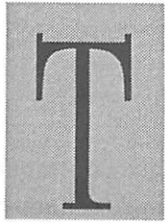
### Fines, Restitutions, Recoveries



The amount of fines, orders of restitution, and recoveries for the first half of 1993 totaled more than the combined amounts for Fiscal Years 1990, 1991, and 1992.



# Inspections Division



The Inspections Division provides the Office of the Inspector General with an accelerated method of examining issues associated with fraud, waste, and mismanagement. The inspections process allows senior managers to receive timely feedback and offers early warning to the Administration and the Congress about Department of Justice (DOJ) problems.

Inspections are conducted in accordance with the standards issued by the President's Council on Integrity and Efficiency and with internal policies and guidelines issued by the Office of the Inspector General.

An annual workplan sets forth the activities of the Division. It provides for balanced oversight of DOJ programs and offices, and it allows the Inspector General the flexibility to direct multi-disciplinary resources to significant program vulnerabilities and areas of management concerns and interest.

## Update from Previous Report

■ In response to a February 1992 inspection report recommendation on "Pay and Allowances Made to Personnel Assigned to Operation Snowcap," the Drug Enforcement Administration (DEA) examined records covering the period of 1987 through 1991 to verify danger pay received by employees on temporary duty assignment to Operation Snowcap (a Latin American Anti-Drug Campaign) was appropriate. As a result of these examinations, DEA requested the Department of Justice Payroll Center to begin collection action on \$26,955.59 in danger pay overpayments.

## Significant Inspections

### Detention Facilities in the INS

An inspection of the INS' detention capacity that concentrated on Service Processing Centers (SPC) showed that the INS is not making full use of its detention facilities. In FY 1992, INS had staffing and resources to provide 4,549 detention bed spaces in SPCs and contract detention facilities. In addition, more than 2,000 bed spaces in State, county, and local jails have been used for INS detainees.

We found three of the five SPCs we visited were consistently below their established population levels. Further, a total of 1,000 additional bed spaces could be provided at four of the SPCs visited, without significant renovations, if they were staffed and funded adequately. Several reasons contributed to the fact that the INS did not make maximum use of its facilities, including inadequate information about available bed spaces; costs associated with transferring aliens to the facilities; limited transportation systems; problems arising from legal jurisdiction and legal services; and the number of detention and deportation personnel at SPCs and district offices.

Our inspection determined that the appropriate personnel needed to receive bed space usage reports, and that INS needed to improve the Enforcement Case Tracking System, which would aid in coordinating and facilitating transfers of aliens. We also determined INS offices needed to follow written procedures to expedite the processing of detained

## The Inspections Division



## Significant Inspections



## Significant Inspections

aliens. These measures should help the INS make better use of detention facilities.

To manage and control current and future detention needs, the INS, the BOP, and the U.S. Marshals Service developed a Federal Detention Plan. Included in the plan is the INS 6-year Detention Plan that addresses expanding bed spaces at existing SPCs, constructing new SPCs, reducing the length of time aliens stay in detention, operating more INS/BOP joint detention facilities, and making better use of private contract facilities.

### Administration of Litigation Support Service Contracts within the DOJ

Our inspection disclosed that contracting officers (CO) and contracting officer technical representatives do not fully carry out their respective responsibilities for managing and controlling litigation support service contracts. We reviewed 13 litigation support contracts totaling about \$68 million. The contract actions covered the period of October 1, 1990, through December 31, 1991.

We found the Department of Justice may have inappropriately used approximately \$15.4 million in FY 1991 litigating divisions' funds and \$10.5 million in FY 1991 funds from other Federal agencies to procure FY 1992 litigation support services. In addition, we found that the DOJ did the following:

- Unnecessarily paid \$102,911 in State and local taxes for purchases made against litigation support contracts. Projected taxes paid on

litigation support service contracts could total approximately \$411,000 annually.

- Did not promptly de-obligate litigation support service monies totaling \$313,000; as a result, a division was unable to use the monies to fulfill other litigation requirements.
- Did not renegotiate administrative handling fees included in contracts when contractor purchases substantially exceeded contract estimates.
- Did not question contractor invoices that disclosed paralegals were used to perform clerical activities. The DOJ may have overpaid contractors a total of approximately \$30,600 for work performed by paralegals when the litigation support service contracts specified clerk and reception services.
- Awarded 36 delivery orders totaling about \$5.7 million for services and equipment that were not directly related to litigation support.

### Transit Without Visa Program in the INS

The Transit Without Visa (TWOV) Program allows airline carriers who have executed agreements with the INS to transport aliens without visas through the United States, provided they remain in a continuous transit status. In FY 1991, there were 188,000 TWOV aliens. Problems with the TWOV Program have been documented before, but INS man-

agement did not take sufficient corrective action. INS management must improve its direction and oversight of the TWOV Program to increase the program's reliability.

We found the INS needs to enforce its own regulations vigorously and to ensure that bills issued to airline carriers are not canceled; needs to raise the \$500 liquidated damage assessment, which was established more than 27 years ago, to fully recover the costs incurred by the Government; needs to consider increasing the use of secure transit lounges at ports of entry and, possibly, to revise regulations restricting TWOV passengers to a single stop in the United States; needs to revise TWOV agreements with airline carriers to specifically provide for liquidated damages when carriers do not submit a departure form, do not submit the form within prescribed time frames, submit the form with an incorrect departure date, or submit the form without required departure information.

#### Weapons Accountability in the DEA

Our review, analysis, and testing found that the Drug Enforcement Administration's (DEA) procedures to control the weapons inventory provide reasonable assurance that the DEA can accurately track government-issued weapons. We physically inventoried a sample of weapons at each of the 10 DEA locations visited. We inventoried a total of 1,703 weapons and were able to account for all of them. We recommended the DEA update existing written policies and procedures to incorporate the practices they actually use to control weapons.

Over the past 2 years, the accuracy of the DEA weapons inventory has greatly improved. Top level DEA management addressed weapon accountability problems previously cited in management reports and took a number of corrective actions to improve the control over the weapons inventory.

#### Use of Operational Guards and Intermittent Deputies by the USMS

The shortage of qualified personnel in the United States Marshals Service (USMS) was a new material weakness reported in the 1992 Department of Justice Report by the Attorney General on Management Controls. The USMS informed us that, due to the shortage of full-time deputy U.S. marshals, they could not accomplish their mission without using intermittent deputy U.S. marshals and operational guards. Intermittent deputies and operational guards are used in many of the same functional activities in which deputies are engaged; however, the intermittent deputies and operational guards are generally less qualified and lack the same training as deputies. We found that no formal regulations existed for the hiring and use of operational guards; therefore, we recommended policies and standards be established in the areas of recruitment and qualifications, physical fitness, age, duties, supervision, training, and firearms.

During the inspection, USMS issued new policy on the hiring and use of intermittent deputies. The new policy requires intermittent deputies to have prior law enforcement experience; to work with an assigned deputy during prisoner transportation movements; to receive formal

#### Significant Inspections

## Significant Inspections

and on-the-job training; and to meet medical and fitness standards. However, the new policy does not address age limitations. Intermittent deputies must meet the same experience, medical, fitness, and background investigation requirements as the full-time permanent deputies, who are required to retire at age 57. We found by the end of calendar year 1993, 69 of the 247 intermittent deputies employed by the USMS will be 57 years old or older. Out of the 69, 3 will be 76 years or older.

**By the end of calendar year 1993, 69 of the 247 intermittent deputies employed by the USMS will be 57 years old or older.**

Since intermittent deputies and operational guards are performing many of the same duties as deputies, we recommended USMS consider establishing an age restriction similar to the one applied to deputies.

### JMD's Oversight of Internal Control Systems in the DOJ

We conducted our third review of the Justice Management Division's (JMD's) oversight in implementing the Federal Managers' Financial Integrity Act and the Office of Management and Budget Circular A-123. We also followed up on JMD's implementation of the three recommendations remaining open from the May 1992 internal control inspection report.

Our review found that the process JMD used for evaluating component internal control submissions was reasonable and the 1992 Department of Justice Report by the Attorney General on

Management Controls fairly represents the internal control weaknesses reported by DOJ components.

To meet the requirements of the May 1992 inspection report, JMD needs to revise the Guide for the Implementation of the DOJ's Internal Control Process and the Management Control Tracking System.

### Management Controls and Reporting of Advisory and Assistance Service Contracts in the DOJ

We completed the annual review of controls over and reporting of advisory and assistance service (AAS) contracts as required by 31 U. S. Code Section 1114. Overall, we found the Department of Justice had established effective management controls over AAS contracts, complied with the requirement to submit to the Congress information related to AAS, and entered data into the Federal Procurement Data System that was generally reliable and accurate.

The inspection also included data on conflict-of-interest certificates, as requested by the President's Council on Integrity and Efficiency. We reviewed 25 contracts, and found only 3 of the 25 required conflict-of-interest certificates had been completed. We also found that only 7 of the 25 contract solicitations reviewed contained the requirement for contractors to provide information on conflict-of-interest issues. The Office of the Procurement Executive is taking action to ensure that conflict-of-interest requirements are met.

## Restrictions on Lobbying

We completed the legislatively required annual review of the Department's efforts to implement restrictions on the use of appropriated funds to influence certain Federal contracting and financial transactions. The inspection showed that the DOJ had developed and implemented policies, procedures, and internal controls to ensure compliance with Public Law 101-102, also known as the Anti-Lobbying Act (Act) and there were no reported violations of the Act. The inspection also determined that DOJ, in response to our 1992 report on the same subject, implemented improvements in areas previously cited as weaknesses.

## Restrictions on Lobbying

## Management Memoranda

## Inspections Statistics

## Management Memoranda

None

Inspections Workload	
	Number of Inspections
Inspections active at beginning of reporting period	14
Inspections initiated	9
Final Reports issued	8
Inspections active at end of reporting period	15



# Appendix 1

## AUDIT REPORTS October 1, 1992 - March 31, 1993

### INTERNAL AND EXTERNAL AUDIT REPORTS

Controls Over Established User Fee Accounts in the Immigration and Naturalization Service 1/

Contract Services for the Management of Seized Assets 2/

Asset Forfeiture Program Annual Financial Statement for Fiscal Year 1991

Asset Forfeiture Program Management Letter Report for Fiscal Year 1991

Bureau of Prisons' Cash Management

Summary of Trustee Reports and Findings Issued During Fiscal Year 1992

Data Base Access Controls at the Immigration and Naturalization Service

Immigration and Naturalization Service Fee Accounts Annual Financial Statement for Fiscal Year 1991

Immigration and Naturalization Service Fee Accounts Management Letter Report for Fiscal Year 1991

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1/ Enhanced Revenues - \$114,875,000 annually

2/ Total Questioned Costs - \$508,243  
Funds Put To Better Use - \$400,000

Equitable Sharing of Forfeited Property and Cash 3/

The Use of Equitable Sharing Funds by the Little Compton,  
Rhode Island Police Department 4/

Energy Management and Conservation Program Audit Survey Report

Federal Prison Industries, Inc. Annual Financial Statement for  
Fiscal Year 1992

Drug Testing Services, Pharchem Laboratories, Inc. 5/

Procurement Activities in the Immigration and Naturalization Service

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3/ Total Questioned Costs - \$45,948  
Funds Put To Better Use - \$627,000

4/ Total Questioned Costs - \$123,876  
Unsupported Costs - \$37,089

5/ Total Questioned Costs - \$214  
Funds Put To Better Use - \$454,176

## Appendix 2

### TRUSTEE REPORTS

Performed under a reimbursable agreement with the  
Executive Office for U.S. Trustees

Chapter 7 Audit of Panel Trustee Charles L. Weissing	MR-40-93-001	Chapter 7 Audit of Panel Trustee John W. Ragsdale, Jr.	MR-40-93-020
Chapter 7 Audit of Panel Trustee Harry W. Pettigrew	MR-40-93-002	Chapter 7 Audit of Panel Trustee Jacob C. Pongetti	MR-40-93-022
Chapter 7 Audit of Panel Trustee Mark H. Flener	MR-40-93-003	Chapter 7 Audit of Panel Trustee P. Preston Wilson, Jr.	MR-40-93-023
Chapter 7 Audit of Panel Trustee William H. Willson, Jr.	MR-40-93-004	Chapter 7 Audit of Panel Trustee Anne R. Moore	MR-40-93-024
Chapter 7 Audit of Panel Trustee Arther S. Wallace	MR-40-93-005	Chapter 7 Audit of Panel Trustee C. Thomas Anderson	MR-40-93-031
Chapter 7 Audit of Panel Trustee Ralph T. Skelton, Jr.	MR-40-93-006	Chapter 7 Audit of Panel Trustee Michael C. Dunbar	MR-50-93-001
Chapter 7 Audit of Panel Trustee Charles L.J. Freihofer	MR-40-93-007	Chapter 7 Audit of Panel Trustee Dennis Currell	MR-50-93-002
Chapter 7 Audit of Panel Trustee Albert F. Nasuti	MR-40-93-008	Chapter 7 Audit of Panel Trustee Donald Molstad	MR-50-93-003
Chapter 7 Audit of Panel Trustee John C. Tidwell	MR-40-93-009	Chapter 7 Audit of Panel Trustee Wil L. Forker	MR-50-93-004
Chapter 7 Audit of Panel Trustee Robert B. Silliman	MR-40-93-010	Chapter 7 Audit of Panel Trustee Michael Farrell	MR-50-93-005
Chapter 7 Audit of Panel Trustee W. Jan Jankowski	MR-40-93-011	Chapter 7 Audit of Panel Trustee Thomas L. Flynn	MR-50-93-006
Chapter 7 Audit of Panel Trustee Bradley M. Hoyt	MR-40-93-012	Chapter 7 Audit of Panel Trustee Gary E. Cameron	MR-50-93-007
Chapter 7 Audit of Panel Trustee Gregory M. Eells	MR-40-93-013	Chapter 7 Audit of Panel Trustee Timothy D. Moratzka	MR-50-93-008
Chapter 7 Audit of Panel Trustee Wiley A. Wasden, III	MR-40-93-014	Chapter 7 Audit of Panel Trustee Sheldon L. Solon	MR-50-93-009
Chapter 7 Audit of Panel Trustee C. Kenneth Still	MR-40-93-015	Chapter 7 Audit of Panel Trustee Robert D. Taha	MR-50-93-010
Chapter 7 Audit of Panel Trustee Griffin E. Howell, III	MR-40-93-016	Chapter 7 Audit of Panel Trustee William J. Tucker	MR-50-93-011
Chapter 7 Audit of Panel Trustee Gary W. Brown	MR-40-93-017	Chapter 7 Audit of Panel Trustee Donald F. Neiman	MR-50-93-012
Chapter 7 Audit of Panel Trustee Lindy Lou Allen	MR-40-93-019	Chapter 7 Audit of Panel Trustee Dwight R. Lindquist	MR-50-93-013

Chapter 7 Audit of Panel Trustee Brian F. Leonard	MR-50-93-014	Chapter 7 Audit of Panel Trustee Ben T. Barry	MR-80-93-004
Chapter 7 Audit of Panel Trustee Joseph W. Hammes	MR-50-93-015	Chapter 7 Audit of Panel Trustee Billy Dale Thomas	MR-80-93-005
Chapter 7 Audit of Panel Trustee Thomas Miller	MR-50-93-016	Chapter 7 Audit of Panel Trustee Robert D. Bradley	MR-80-93-006
Chapter 7 Audit of Panel Trustee Charles E. Cavey	MR-50-93-017	Chapter 7 Audit of Panel Trustee Barker L. Hale	MR-80-93-007
Chapter 7 Audit of Panel Trustee Allan J. Demars	MR-50-93-018	Chapter 7 Audit of Panel Trustee Dennis C. Whetzal	MR-80-93-008
Chapter 7 Audit of Panel Trustee David Herzog	MR-50-93-019	Chapter 7 Audit of Panel Trustee Peter J. Buttaro	MR-80-93-009
Chapter 7 Audit of Panel Trustee Erlene W. Krigel	MR-50-93-020	Chapter 7 Audit of Panel Trustee William J. Pfeiffer	MR-80-93-010
Chapter 7 Audit of Panel Trustee Charles W. Ries	MR-50-93-021	Chapter 7 Audit of Panel Trustee Harvey Sender	MR-80-93-011
Chapter 7 Audit of Panel Trustee William F. Nissen	MR-50-93-022	Chapter 7 Audit of Panel Trustee Cherie S. Norman	MR-80-93-012
Chapter 7 Audit of Panel Trustee David Dubois	MR-50-93-023	Chapter 7 Audit of Panel Trustee Richard A. Pelley	MR-80-93-013
Chapter 7 Audit of Panel Trustee Joseph H. Badami	MR-50-93-024	Chapter 7 Audit of Panel Trustee Billy Lee Thompson	MR-80-93-014
Chapter 7 Audit of Panel Trustee John A. Hedback	MR-50-93-025	Chapter 7 Audit of Panel Trustee J. James Jenkins	MR-80-93-015
Chapter 7 Audit of Panel Trustee Thomas Carlson	MR-50-93-026	Chapter 7 Audit of Panel Trustee Diane G. Reed	MR-80-93-016
Chapter 7 Audit of Panel Trustee James Chatz	MR-50-93-027	Chapter 7 Audit of Panel Trustee Steven R. Bailey	MR-80-93-017
Chapter 7 Audit of Panel Trustee William A. Brandt, Jr.	MR-50-93-028	Chapter 7 Audit of Panel Trustee John O. Desmond	MR-20-93-001
Chapter 7 Audit of Panel Trustee Robert J. Blackwell	MR-50-93-029	Chapter 7 Audit of Panel Trustee Anthony Novak	MR-20-93-002
Chapter 7 Audit of Panel Trustee Bruce e. Strauss	MR-50-93-030	Chapter 7 Audit of Panel Trustee Paul J. Grella	MR-20-93-003
Chapter 7 Audit of Panel Trustee Richard W. Lorenz	MR-50-93-031	Chapter 7 Audit of Panel Trustee T.H. Maher Cornell	MR-20-93-004
Chapter 7 Audit of Panel Trustee Donald M. Samson	MR-50-93-032	Chapter 7 Audit of Panel Trustee Michael Joseph	MR-20-93-005
Chapter 7 Audit of Panel Trustee Albert Hoffman	MR-80-93-001	Chapter 7 Audit of Panel Trustee Marc D. Wallick	MR-20-93-006
Chapter 7 Audit of Panel Trustee John A. Cimino	MR-80-93-002	Chapter 7 Audit of Panel Trustee Stephen Raslavich	MR-20-93-007
Chapter 7 Audit of Panel Trustee Jan K. Nielsen	MR-80-93-003	Chapter 7 Audit of Panel Trustee Kathleen P. Dwyer	MR-20-93-008

Chapter 7 Audit of Panel Trustee David M. Nickless	MR-20-93-009	Chapter 7 Audit of Panel Trustee David E. Krell	MR-20-93-030
Chapter 7 Audit of Panel Trustee Frank Sacramone, Jr.	MR-20-93-010	Chapter 7 Audit of Panel Trustee Roger Schlossberg	MR-20-93-031
Chapter 7 Audit of Panel Trustee Charles A. Szybist	MR-20-93-011	Chapter 7 Audit of Panel Trustee Kevin McCarthy	MR-20-93-032
Chapter 7 Audit of Panel Trustee Richard R. Erricola	MR-20-93-012	Chapter 7 Audit of Panel Trustee James L. Kennedy	MR-90-93-001
Chapter 7 Audit of Panel Trustee Edward Mazze	MR-20-93-013	Chapter 7 Audit of Panel Trustee Ralph O. Boldt	MR-90-93-002
Chapter 7 Audit of Panel Trustee Joseph B. Collins	MR-20-93-014	Chapter 7 Audit of Panel Trustee James Stang	MR-90-93-003
Chapter 7 Audit of Panel Trustee Michael B. Katz	MR-20-93-015	Chapter 7 Audit of Panel Trustee Ronald Durkin	MR-90-93-004
Chapter 7 Audit of Panel Trustee James P. Koch	MR-20-93-016	Chapter 7 Audit of Panel Trustee Timothy L. Donovan	MR-90-93-005
Chapter 7 Audit of Panel Trustee George E. Clark, Jr.	MR-20-93-017	Chapter 7 Audit of Panel Trustee Curtis B. Danning	MR-90-93-006
Chapter 7 Audit of Panel Trustee David J. Noonan	MR-20-93-018	Chapter 7 Audit of Panel Trustee Jeffrey Coyne	MR-90-93-007
Chapter 7 Audit of Panel Trustee R. Clinton Stackhouse, Jr.	MR-20-93-019	Chapter 7 Audit of Panel Trustee Gerald Davis	MR-90-93-008
Chapter 7 Audit of Panel Trustee Jack D. Maness	MR-20-93-020	Chapter 7 Audit of Panel Trustee Eric Wolf	MR-90-93-009
Chapter 7 Audit of Panel Trustee Jan G. Sulcove	MR-20-93-021	Chapter 7 Audit of Panel Trustee Philip B. Wagner	MR-90-93-010
Chapter 7 Audit of Panel Trustee Zachary Shimer	MR-20-93-022	Chapter 7 Audit of Panel Trustee Ronald Kotoshirodo	MR-90-93-011
Chapter 7 Audit of Panel Trustee Nancy J. Winther	MR-20-93-023	Chapter 7 Audit of Panel Trustee Theodor C. Albert	MR-90-93-012
Chapter 7 Audit of Panel Trustee Robert L. Pryor	MR-20-93-024	Chapter 7 Audit of Panel Trustee Gary J. Miller	MR-90-93-013
Chapter 7 Audit of Panel Trustee Daniel J. Rheam	MR-20-93-025	Chapter 7 Audit of Panel Trustee Gary Plotkin	MR-90-93-014
Chapter 7 Audit of Panel Trustee Christine Shubert	MR-20-93-026	Chapter 7 Audit of Panel Trustee Robert K. Matsumoto	MR-90-93-015
Chapter 7 Audit of Panel Trustee Richard Kremen	MR-20-93-027	Chapter 7 Audit of Panel Trustee Richard Kipperman	MR-90-93-016
Chapter 7 Audit of Panel Trustee James T. Meisel	MR-20-93-028	Chapter 7 Audit of Panel Trustee Arnold Kupetz	MR-90-93-017
Chapter 7 Audit of Panel Trustee Miriam Teitelbaum	MR-20-93-029	Chapter 7 Audit of Panel Trustee Patricia J. Zimmermann	MR-90-93-018



## AUDIT REPORTS OF DEPARTMENT OF JUSTICE ACTIVITIES COMPLETED BY OTHERS

Audit of the Alabama Center for Law and Civic Education, Inc.	TJP-40-93-001	Audit of the State of New Mexico, Corrections Department <u>2/</u>	TJP-80-93-001
Audit of the Alabama Department of Corrections	TJP-40-93-001	Audit of the Arkansas Crime Information Center	TJP-80-93-002
Audit of the Department of Justice, Commonwealth of Puerto Rico <u>1/</u>	TJP-40-93-002	Audit of the Office of the Attorney General, New Mexico <u>3/</u>	TJP-80-93-003
Audit of Research Triangle Institute	TOF-40-93-001	Audit of the Orleans Parish Criminal Sheriff's Office	TJP-80-93-004
Audit of the State of South Carolina	TOP-40-93-001	Audit of the County of El Paso, Texas	TJP-80-93-005
Audit of the State of South Carolina	TOP-40-93-002	Audit of the New Mexico State University	TOF-80-93-001
Audit of Lee County, Florida	TOP-40-93-003	Audit of the City of Arlington, Texas	TOP-80-93-001
Audit of Metropolitan Dade County, Florida	TOP-40-93-004	Audit of Bexar County, Texas	TOP-80-93-002
Audit of Monroe County, Florida	TOP-40-93-005	Audit of State of Louisiana	TOP-80-93-003
Audit of the State of Florida	TOP-40-93-006	Audit of the State of Oklahoma <u>4/</u>	TOP-80-93-004
Audit of the Alabama Department of Youth Services	TOP-40-93-007	Audit of the State of New Mexico, Department of Finance and Administration	TOP-80-93-005
Audit of the Alabama Department of Public Safety	TOP-40-93-008	Audit of the City of Colorado Springs, Colorado	TOP-80-93-006
Audit of Palm Beach County, Florida	TOP-40-93-009	Audit of the City of Houston, Texas	TOP-80-93-007
Audit of the Illinois Criminal Justice Information Authority	TJP-50-93-001	Audit of the City of Houston, Texas	TOP-80-93-008
Audit of Ebon Research Systems, Inc.	TOC-50-93-001	Audit of Tarrant County, Texas	TOP-80-93-009
Audit of Ebon Research Systems, Inc.	TOC-50-93-002	Audit of Tarrant County, Texas	TOP-80-93-010
Audit of Ebon Research Systems, Inc.	TOC-50-93-003	Audit of Larimer County, Texas	TOP-80-93-011
Audit of Ebon Research Systems, Inc.	TOC-50-93-004	Audit of Larimer County, Texas	TOP-80-93-012
Audit of Ebon Research Systems, Inc.	TOC-50-93-005	Audit of the Eight Northern Indian Pueblos Council, Inc.	TOP-80-93-013
Audit of Ebon Research Systems, Inc.	TOC-50-93-006	Audit of the State of Texas	TOP-80-93-014
Audit of the University of Missouri System	TOF-50-93-001	Audit of the State of Texas	TOP-80-93-015
Audit of the University of Minnesota	TOF-50-93-002	Audit of the Oglala Sioux Tribe	TOP-80-93-016
Audit of the Menominee Indian Tribe	TOP-50-93-001		

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1/ Total Questioned Costs - \$67,608

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2/ Total Questioned Costs - \$3,500

3/ Total Questioned Costs - \$35,273

4/ Total Questioned Costs - \$3,119

Audit of the City and County of Denver, Colorado	TOP-80-93-017	Audit of PATHS/PRISM - Philadelphia Partnership for Education	TOF-20-93-005
Audit of the American Jail Association	TJF-20-93-001		
Audit of the Institute for Law and Justice	TJF-20-93-002	Audit of PATHS/PRISM - Philadelphia Partnership for Education	TOF-20-93-006
Audit of the Pretrial Services Resource Center	TJF-20-93-003	Audit of the International Association of Chiefs of Police	TOF-20-93-007
Audit of the Professional Development Training Center, Inc.	TJF-20-93-004	Audit of the University of Pittsburgh	TOF-20-93-008
Audit of National Organization for Victims Assistance	TJF-20-93-005	Audit of the National Association of Attorneys General	TOF-20-93-009
Audit of Castine Research Corporation	TJF-20-93-006	Audit of the State of Maryland	TOP-20-93-001
Audit of the National Center for State Courts	TJF-20-93-007	Audit of the City of Norfolk, Virginia	TOP-20-93-002
Audit of the American Jail Association	TJF-20-93-008	Audit of the Commonwealth of Massachusetts	TOP-20-93-003
Audit of the National Criminal Justice Association	TJF-20-93-009	Audit of Baltimore County, Maryland	TOP-20-93-004
Audit of the National Association of Town Watch	TJF-20-93-010	Audit of the State of New Jersey	TOP-20-93-005
Audit of the H.M.S. Rose Foundation, Inc.	TJF-20-93-011	Audit of the State of Delaware	TOP-20-93-006
Audit of the National Office for Social Responsibility	TJF-20-93-012	Audit of the Commonwealth of Virginia	TOP-20-93-007
Audit of the National Association for Criminal Justice Planners	TJF-20-93-013	Audit of the State of Vermont	TOP-20-93-008
Audit of the American Prosecutors' Research Institute	TJF-20-93-014	Audit of the City of New York	TOP-20-93-009
Audit of the National Institute Against Prejudice and Violence	TJF-20-93-015	Audit of the Virginia Department of State Police	TOP-20-93-010
Audit of the Justice Research and Statistics Association	TJF-20-93-016	Audit of the Commonwealth of Pennsylvania	TOP-20-93-011
Audit of the Paul and Lisa Program, Inc.	TJF-20-93-017	Audit of Camden County, New Jersey	TOP-20-93-012
Audit of the National Restaurant Association	TJF-20-93-018	Audit of the City of Philadelphia, Pennsylvania	TOP-20-93-013
Audit of the New York City Criminal Justice Agency	TJF-20-93-019	Audit of the State of Rhode Island	TOP-20-93-014
Audit of the Constitution Education Foundation, Inc.	TJF-20-93-020	Audit of the State of Maine	TOP-20-93-015
Audit of the Connecticut Department of Corrections	TJP-20-93-001	Audit of the City of Boston, Massachusetts	TOP-20-93-016
Audit of the Connecticut Commission on Victim Services	TJP-20-93-002	Audit of the University of Pennsylvania	TOP-20-93-017
Audit of the University of Maryland System	TOF-20-93-001	Audit of the State of West Virginia	TOP-20-93-018
Audit of the American Statistical Association	TOF-20-93-002	Audit of the City of Binghamton, New York	TOP-20-93-019
Audit of the International Association of Chiefs of Police	TOF-20-93-003	Audit of the City of Baltimore, Maryland	TOP-20-93-020
Audit of the American Statistical Association	TOF-20-93-004	Audit of the State of New York	TOP-20-93-021
		Audit of the State of West Virginia	TOP-20-93-022
		Audit of Georgetown University	TOP-20-93-023
		Audit of the City of Syracuse, New York	TOP-20-93-024
		Audit of the Oregon State Sheriff's Association	TJF-90-93-001

Audit of the National Council of Juvenile and Family Court Judges	TJF-90-93-002	Audit of the County of Los Angeles, California	TOP-90-93-006
Audit of the Center for Civic Education	TJF-90-93-003	Audit of the State of Idaho Office of the Governor	TOP-90-93-007
Audit of the National Council on Crime and Delinquency	TJF-90-93-004	Audit of the State of Nevada	TOP-90-93-008
Audit of the Washington Association of Sheriffs and Police Chiefs	TJF-90-93-005	Audit of the Trust Territory of the Pacific Islands <u>2/</u>	TOP-90-93-009
Audit of the National Judicial College, Nevada	TJF-90-93-006	Audit of the City of Tucson, Arizona	TOP-90-93-010
Audit of Search Group, Inc.	TJF-90-93-007	Audit of the Republic of Palau National Government	TOP-90-93-011
Audit of the National Indian Justice Center, Inc.	TJF-90-93-008	Audit of Pierce County, Washington	TOP-90-93-012
Audit of the National Council of Juvenile and Family Court Judges	TIC-90-93-001	Audit of National City, California	TOP-90-93-013
Audit of the Western Care Center, Inc. <u>1/</u>	TOF-90-93-001	Audit of the County of Santa Barbara, California	TOP-90-93-014
Audit of the Hawaii Youth Services Network	TOF-90-93-002	Audit of the City of Fresno, California	TOP-90-93-015
Audit of the Northern California Indian Development Council, Inc.	TOF-90-93-003	Audit of Pima County, Arizona	TOP-90-93-016
Audit of the Redwood Community Action Agency, Inc.	TOF-90-93-004	Audit of Carson City, Nevada	TOP-90-93-017
Audit of the University of Arizona	TOF-90-93-005	Audit of the City of Glendale, Arizona	TOP-90-93-018
Audit of the City of Winslow, Arizona	TOP-90-93-001	Audit of the University of Idaho	TOP-90-93-019
Audit of the County of Riverside, California	TOP-90-93-002	Audit of the City of Portland, Oregon	TOP-90-93-020
Audit of the Republic of Palau	TOP-90-93-003	Audit of the City of Peoria, Arizona	TOP-90-93-021
Audit of Lane County, Oregon	TOP-90-93-004	Audit of the City of Woodland, California	TOP-90-93-022
Audit of the Salt River Pima - Maricopa Indian Community	TOP-90-93-005	Audit of the City of San Diego, California	TOP-90-93-023
		Audit of the Rocky Mountain Information Network	TRIG-90-93-001
		Audit of Rockwell International Corporation <u>3/</u>	FAR-30-93-001
		Audit of Pinkerton Security and Investigation Services	FAR-30-93-002

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1/ Total Questioned Costs - \$3,460

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2/ Total Questioned Costs - \$329

3/ Total Questioned Costs - \$2,080,000

## **Appendix 4**

### **FINAL INSPECTION REPORTS ISSUED**

**September 30, 1992 - March 31, 1993**

**Detention Facilities in the Immigration and Naturalization Service**

**Administration of Litigation Support Service Contracts within the  
Department of Justice**

**Transit Without Visa Program in the Immigration and Naturalization Service**

**Weapons Accountability in the Drug Enforcement Administration**

**Use of Operational Guards and Intermittent Deputies by the United States  
Marshals Service**

**Justice Management Division's Oversight of Internal Control Systems in the  
Department of Justice**

**Management Controls and Reporting of Advisory and Assistance Service  
Contracts in the Department of Justice**

**Restrictions on Lobbying**

### **GLOSSARY OF TERMS**

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

<b>A-Files:</b>	INS alien history files containing all data and documentation pertaining to an individual. Also referred to as alien files.
<b>Adverse Action:</b>	Personnel Office action of record, considered to be unfavorable to an employee and a form of discipline. Penalty is more severe than a letter of caution.
<b>Civil Findings:</b>	Attempts made to recover for the Government any monetary losses sustained or any damages it is entitled to collect under law.
<b>Disallowed Cost:</b>	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.
<b>Final Action:</b>	(a) The completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit; and (b) in the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made.



<b>Fines:</b>	<b>Sums imposed as a penalty for certain acts or omissions that violate a law.</b>
<b>Green Card:</b>	<b>INS Alien Registration Receipt Card (Form I-151 or Form I-551).</b>
<b>Indictment:</b>	<b>Charge by a Grand Jury that an accused party violated a criminal law.</b>
<b>Information:</b>	<b>Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment presented by a grand jury.</b>
<b>OIG Monitored Referrals:</b>	<b>Matters may be referred to components within the Department of Justice for investigation or other action when criminal prosecution of the alleged misconduct is not foreseeable, and when the matter raises administrative issues involving lower-ranking employees. When a matter is referred, the component is to provide the OIG with the results of the referral, which may include investigative findings and administrative action taken by the component.</b>
<b>Preliminary Investigations:</b>	<b>Inquiry of limited scope undertaken to verify whether or not an allegation merits further inquiry as a full investigation.</b>
<b>Questioned Cost:</b>	<b>Cost that is questioned by the OIG because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.</b>

**Recommendation that Funds**

**be Put to Better Use:**

Recommendation by the OIG that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including (a) reductions in outlays; (b) de-obligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee; (e) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (f) any other savings which are specifically identified.

**Recovered Funds:**

Funds returned to the Department as a result of an investigation.

**Restitution Funds:**

Reimbursements ordered by courts as part of a criminal sentence or civil or administrative penalty.

**Seizures:**

Property, including cash, real estate, vehicles, etc., used or acquired through illegal activities, that is taken by law enforcement officials. A decision is made by a court or civil authority regarding what will be done with the seizure.

**Unsupported Cost:**

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

## Appendix 6

### Reporting Requirements Index

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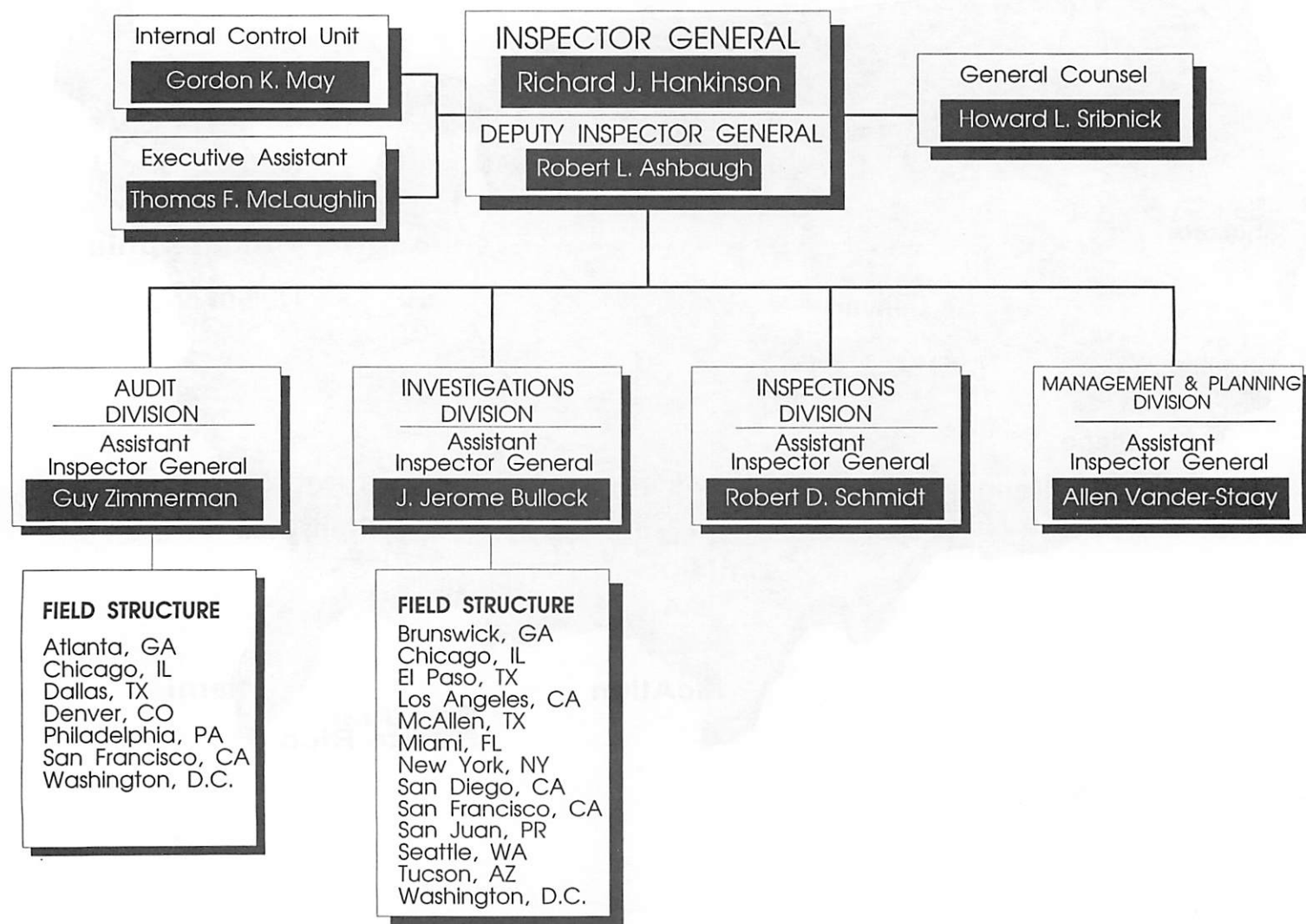
*The Inspector General Act of 1978, as amended (1988), specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.*

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	7-8
Section 5(a)(1)	Significant Problems, Abuses and Deficiencies	9-33
Section 5(a)(2)	Significant Recommendations for Corrective Action	9-33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	19-28
Section 5(a)(5)	Information Refused	None
Section 5(a)(6)	Listing of Audit Reports	A1-A8
Section 5(a)(7)	Summary of Significant Reports	9-33
Section 5(a)(8)	Audit Reports-Questioned Costs	16
Section 5(a)(9)	Audit Reports-Funds To Be Put To Better Use	18
Section 5(a)(10)	Prior Audit Reports Unresolved	15
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which OIG Disagreed	None

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