

U. S. Department of Justice
Office of the Inspector General
Semiannual Report to Congress
April 1, 1996 - September 30, 1996

Special Tribute

The Office of the Inspector General (OIG) depends upon the assistance of other Department of Justice components and employees for its successes. We would like to take this opportunity to honor a Department employee who has had a special impact on our work.

Assistant United States Attorney Michael J. Gennaco

Assistant U.S. Attorney (AUSA) Michael J. Gennaco, U.S. Attorney's Office for the Central District of California, Public Corruption and Government Fraud Section, has been instrumental in providing guidance and advice to OIG investigators to assist them in developing cases with prosecutorial merit. In addition, he has worked to improve investigations of misconduct allegations at the Immigration and Naturalization Service (INS) Terminal Island Center, and he successfully prosecuted a civil rights abuse case investigated by the Los Angeles Field Office. He also has assisted the OIG by providing civil rights training to special agents.

After learning of numerous allegations of misconduct at the INS Terminal Island Center, AUSA Gennaco recognized that a multifaceted problem, involving civil rights abuse, fraud, and theft, had developed. AUSA Gennaco initiated the creation of an OIG and INS task force to coordinate and improve the investigations of criminal and administrative complaints at the Center. He provided extensive guidance during numerous investigations and was readily available to consult with investigators on legal questions. As a result of these efforts, two detention enforcement officers (DEO) pled guilty to theft of government property. Both resigned from government service and were sentenced from 12 to 24 months' probation, and each made restitution. A third DEO was terminated by INS.

AUSA Gennaco's outstanding work on OIG cases is typified by his efforts during the successful prosecution and conviction of an INS DEO who had assaulted a detained alien on two separate occasions. AUSA Gennaco recognized the potential merit of the

allegations and referred the case to the OIG for further investigation. Along with an attorney from the Civil Rights Division, AUSA Gennaco worked closely with the investigators to develop a prosecutable case. The INS officer was sentenced to 21 months' incarceration and 3 years' probation.

AUSA Gennaco's tenacity, outstanding skill, and dedication to maintaining the public trust are a tribute to the Department of Justice and to the U.S Attorney's Office for the Central District of California.

The Inspector General

Washington, D.C. 20530

October 31, 1996

Dear Madam Attorney General:

The period from April 1 through September 30, 1996, was an eventful one for the Office of Inspector General. During this period, we completed our special investigation into the alleged deception of the Congressional Task Force on Immigration Reform by INS officials during a fact-finding trip to Miami in June 1995, as well as our investigation into the actions of the Justice Department in the wake of the murder of four U.S. Marines in the Zona Rosa district of El Salvador in 1985. I think these reports further cement our record over the past two years for undertaking and successfully completing difficult and complex investigations and making findings and recommendations that are driven solely by the facts, not by what is expedient or convenient. I appreciate your continuing support on these matters.

In connection with the Miami INS matter, I am very pleased, as I know you are, with the prompt manner in which the Department is taking action based on our findings of fact. I share your view that it is vitally important for this Department to deal fairly but swiftly with both misconduct and job performance deficiencies that do not meet the high standards we expect from Department employees. To those employees who work hard and perform well, it is frustrating and disillusioning to see egregious misconduct or sustained poor performance go unpunished. In an era of great cynicism about government, it is crucial that we dedicate substantial energy to making sure that the small number of bad apples in the Department are dealt with swiftly and severely. I am committed to working with you on this important issue.

As the Department continues to grow, we face difficult strategic choices of how to allocate the OIG's resources to deal with the most pressing problems and high risk areas of the Department's activities. I am proud of our record in taking on these tough

issues. For example, we have conducted a number of audits over the last three years that have identified major problems with computer security in a number of Department components, including the FBI, DEA, and U.S. Marshals Service. In addition, we have conducted a comprehensive series of audits of the aviation operations of various Department components, identifying shortcomings in their safety programs and maintenance procedures. In this semiannual period, our Inspections Division completed work showing serious defects in the way the INS deals with illegal aliens who are the beneficiaries of document fraud, and in a separate study, describing the shortcomings in the enforcement of the laws relating to the exploitation of illegal aliens. Though not gaining as much attention as some of our special investigations, these program reviews and evaluations performed by our Audit and Inspections Divisions play a vital role in assessing some of the most important programs and operations of the Department of Justice.

On behalf of the men and women of the OIG, I want to thank you for the significant financial support you provided us during the past six months. As you know, without that assistance, we would have had to make cuts that would not have been in the long-term interests of either the OIG or the Department. I look forward to working with you on the many important issues facing this Department.

Very truly yours,

Michael R. Bromwich

Inspector General

OIG Profile

By Act of Congress, the Office of the Inspector General (OIG) was established in the Department of Justice (Department) on April 14, 1989. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of the Department's employees in its numerous and diverse activities. The OIG provides leadership and assists management in promoting integrity, economy, efficiency, and effectiveness within the Department and in its financial, contractual, and grant relationships with others. Also by statute, the OIG reports to the Attorney General, Congress, and the public on a semiannual basis regarding the significant work of the office.

The OIG carries out its mission with a workforce of approximately 380 criminal investigators, auditors, inspectors, and support staff.

The criminal investigators are assigned to offices in Washington, D.C., Atlanta, Boston, Chicago, Colorado Springs, Dallas, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Seattle, and Tucson. The OIG expects to open an office in El Centro, California, later this year.

The auditors are located in offices in Washington, D.C., Atlanta, Chicago, Dallas, Denver, Philadelphia, and San Francisco.

Other components of the OIG—the Inspections Division, Special Investigations and Review Unit, Management and Planning Division, Office of General Counsel, and the Inspector General's immediate office—are located in Washington, D.C.

The OIG's Fiscal Year (FY) 1997 direct appropriation is \$31,960,000. The OIG also expects reimbursement from 1) the Immigration and Naturalization Service (INS) for \$5.0 million worth of audit, inspections, and investigative oversight work related to INS fee accounts; 2) the U.S. Trustees for \$1.3 million for trustee audits; and 3) the Working Capital Fund for \$6.74 million for costs incurred to comply with the statutory requirements of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 to produce a consolidated Department financial statement audit in FY 1997.

Special Inquiries

Several OIG investigations are of significant interest to the American public and Congress and of vital importance to the Department. Task forces working on these cases comprise OIG special agents, auditors, and inspectors and, in some instances, Assistant U.S. Attorneys from across the country. The following pages highlight the complex investigations conducted by the OIG.

Deception of Congressional Task Force/Miami INS

In July 1995, Congress requested that the OIG investigate allegations that a delegation of the Congressional Task Force on Immigration Reform was deceived about conditions at the INS Krome Service Processing Center and the Miami International Airport during a June 10, 1995, fact-finding tour. After an extensive investigation that involved interviewing over 450 witnesses, examining thousands of pages of documents, and recovering and analyzing over 4,000 computer messages, the OIG

concluded that senior INS managers had taken actions that concealed from the visiting delegation the true conditions at Krome and the Miami Airport.

The Herald
Friday, June 21, 1996
**Inquiry
alleges
hoax
at Krome**
**Report: INS
hid crowding**

By ANDRES VIOLUCCI
Herald Staff Writer

In a blistering report that could lead to the dismissal and criminal prosecution of top immigration administrators, a U.S. Justice Department investigator concluded that the officials hoodwinked a congressional task force visiting Miami last year.

The Washington Post
Saturday, June 29, 1996
**Inspector General Details
INS Shell Game in Miami**
Detainees Shuffled for Sake of Appearances

By Guy Gugliotta
Washington Post Staff Writer

The idea was to create a mirage in the Everglades, so seven congressmen would hail the Immigration and Naturalization Service for its expertise in managing South Florida's tide of undocumented foreigners.

So just before the delegation arrived, Miami INS officials, with an assist from the regional director's office, got rid of more than 100 detainees from an overcrowded detention center by releasing 59, including nine criminals, shipping 61 more off to different facilities and warehousing 19 in distant jails.

message from reprinted in the report.

A few days later INS director of congressional affairs met with Miami officials to caution them that "no one should discuss [the airport's] staffing problems with the delegation."

On June 9, Miami deputy district director notified eastern regional headquarters about overcrowding at Krome, and received permission to "move some people out before the delegation came," the report said.

That afternoon, the report said, Krome Camp administrator

At Krome, the investigators found that 101 detainees out of a population of 407 aliens were moved shortly before the delegation's visit and that these movements were motivated by the impending visit. Senior INS managers ordered the removal of the aliens to create a false impression that Krome was not seriously overcrowded. In order to accomplish the rapid reduction, the managers released many aliens from Krome into the community without complete criminal and medical checks.

The investigators also concluded that additional airport inspectors were assigned to Miami International Airport's inspections area during the visit to make it appear that the area was well-staffed and that INS was able to process passengers without delay. Aliens held in a detention area were released to sit in a waiting area during the delegation's visit to create the false impression that very few aliens were incarcerated. In addition, INS employees were instructed by senior managers to give false information about detention area procedures in response to questions from the delegation.

The evidence showed that senior managers in the Miami District of INS and INS' Eastern Regional Office either ordered the deception or knowingly failed to stop it. Furthermore, senior managers intentionally failed to cooperate with the OIG investigation and, in some instances, obstructed it. The OIG recommended that 13 INS employees be disciplined for their participation in the deception or their conduct during the investigation. These recommendations are being acted upon by the Department; individual disciplinary actions are pending.

On September 12, 1996, the House Subcommittee on Immigration and Claims held a hearing into the allegations. In his testimony before the subcommittee, Inspector General Michael Bromwich summarized the investigative findings and answered questions from subcommittee members.

Special Inquiries

INS Checkpoint Operations

On June 27, 1996, the Department reported to Congress concerning INS' operation of Border Patrol checkpoints at San Clemente and Temecula, California. The Department represented that the checkpoints were operated by INS in accordance with FY 1996 appropriations language that required the checkpoints to be "open and traffic. . .checked on a continuous 24-hour basis" and that further required INS to initiate a "commuter lane facilitation project" within 90 days of enactment. House Appropriations Subcommittee Chairman Harold Rogers challenged the Department's representation, and, in response, the OIG was asked to determine the status of checkpoint operations. The OIG's review revealed that INS was not in compliance with the legislative requirements—there was no commuter lane or alternate program to facilitate commuters at San Clemente, and the checkpoint was fully operational only intermittently. The INS later agreed to establish a dedicated commuter lane at San Clemente no later than June 1997.

The OIG subsequently conducted a follow-up review that established that INS appears to have initiated inspections on a continuous 24-hour basis. To do so, INS brought in agents from other parts of the country, paid increased overtime, and curtailed other inspection and operational activities. We questioned whether INS and Congress have achieved complete agreement with respect to the circumstances under which checkpoints may be closed due to heavy traffic and traffic backups. The OIG also observed that INS' current practice of suspending inspections for traffic-related reasons while maintaining records that obscure or do not record the suspension invites

misunderstanding and suspicion. We recommended INS provide a more complete explanation to Congress regarding precisely how its checkpoints operate.

Operation Gatekeeper

In October 1994, the Justice Department announced the initiation of "Operation Gatekeeper," a multifaceted interdiction effort intended to halt the flow of illegal immigration along the U.S./Mexico border that separates California and Baja California. The INS Border Patrol plays a key role in Gatekeeper, which depends upon Border Patrol agents for detecting, apprehending, and processing illegal immigrants.

In June 1996, members of the Border Patrol union publicly alleged that Border Patrol supervisors were improperly manipulating Gatekeeper-related procedures and data to create the false impression that the initiative had successfully deterred illegal immigration into the San Diego Sector. These agents further claimed that agents in the San Diego Sector were being instructed not to apprehend aliens so that the apprehension rate—and consequently the rate of illegal immigration—in the sector would appear to have decreased. In addition, the agents alleged that supervisory agents submitted falsified reports showing inaccurately low apprehension totals. In late August 1996, a union representative raised the additional allegation that a congressional delegation that visited Gatekeeper facilities in San Diego, California, in April 1995 was intentionally misled to believe that Gatekeeper efforts had succeeded in controlling illegal immigration problems in the Imperial Beach border region.

Special Inquiries

In response to these allegations, the OIG initiated an investigation into the administration of Operation Gatekeeper. A team of investigators and auditors was assembled from several OIG offices across the country to conduct the investigation, in conjunction with selected INS personnel. An experienced prosecutor and senior OIG investigator were selected to lead the OIG probe. This investigation is currently underway.

Zona Rosa

At the request of the Senate Select Committee on Intelligence (SSCI), the Inspectors General of the Departments of Justice, State, and Defense and the Central Intelligence Agency (CIA) initiated a governmentwide review of the response of their respective

agencies to the 1985 murders of four U.S. Marines in the Zona Rosa district of San Salvador, El Salvador. The off-duty Marines were killed when Salvadoran guerrillas opened fire on them at a sidewalk cafe. We examined the Department's role in the investigation and prosecution of the perpetrators—including the actions of the Federal Bureau of Investigation (FBI) and Department prosecutors. We also investigated allegations that an alleged planner of the murders was later admitted to the United States. We completed our review, submitted our report to SSCI, and briefed Congress on our findings in September. The report remains classified.

FBI Laboratory

Our in-depth investigation into allegations of wrongdoing within the FBI crime laboratory has continued. A scientist within the FBI laboratory made allegations of misconduct in connection with a number of major FBI investigations and Department prosecutions. The allegations also concern whether general procedures adequately promote the quality assurance expected of the laboratory. A team of experienced prosecutors, internationally renowned scientists, special agents, and other OIG personnel is working on a detailed report of the OIG findings.

Aldrich Ames

Our extensive review of FBI's counterintelligence efforts that preceded its criminal investigation and apprehension of Aldrich Ames is nearing completion. The OIG undertook this examination at the request of the House Permanent Select Committee on Intelligence to review FBI's actions after its Soviet intelligence assets and those of the CIA were compromised beginning in the mid-1980s.

Contras/Crack Cocaine

In September, the OIG began an investigation into the Department's involvement in events that gave rise to allegations that the CIA knew about or supported the importation of crack cocaine into the United States by supporters of the Nicaraguan Contras in the 1980s. The investigation will focus on Department components and employees whose activities are the subject of the allegations.

Other Activities

Legislation and Regulations

The Inspector General Act of 1978, as amended, directs the Inspector General (IG) to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation regarding the OIG itself or fraud, waste, and abuse in the Department's programs or operations. The OIG reviewed five pieces of proposed legislation over the past six months ranging in subject matter from the General Accounting Office's Management Reform Act to the Ethics in Government Act of 1995.

President's Council on Integrity and Efficiency

The IG is a member of the President's Council on Integrity and Efficiency (PCIE). OIG senior staff participate in PCIE activities—such as the Inspections Round Table, an annual investigations conference, and meetings of the Chief Financial Officers Group—that relate to their respective duties. The IG also is a member of the Investigative Standards and Training Subcommittee.

In addition to his formal assignments, the IG also is active in the expansion of IGNet, a World Wide Website that publishes audit and inspection reports and makes other information relative to IG activities available to the public. The Inspections Division is working with the Small Business Administration's OIG to identify ways to expand IGNet, including improved methods for exchanging electronic information. The Inspections Division also participated in a PCIE Inspections and Evaluation Round Table initiative to provide support for explaining and promoting the inspections concept to newly appointed IGs and to IGs who are considering establishing evaluation units in their organizations.

EnforceNet

Under the guidance and direction of Inspector General Bromwich, the OIG has created a new World Wide Website called EnforceNet. EnforceNet will serve as a centralized Internet site that makes available a broad range of information about Federal law enforcement agencies including summaries of criminal procedure cases pending before the Supreme Court, OIG special reports on matters of substantial public interest, and indictments and other publicly available documents of substantial interest and significance. In addition, it will be used to post information relevant to emerging issues in law enforcement, such as encryption and antiterrorism, that would include public testimony of Justice and Treasury Department officials and information about related legislation. None of the information will be sensitive or classified. Our objective is to educate and inform the public about the people and institutions

responsible for enforcing Federal criminal law. The prototype EnforceNet Website is available at: <<http://www.usdoj.gov/enforcenet/>>.

Investigations Division

Overview & Highlights

The Investigations Division investigates allegations of civil rights violations, bribery, fraud, abuse, and violations of other laws, rules, and procedures that govern Department of Justice employees, contractors, and grantees. The Division also develops cases for criminal prosecution, civil action, and administrative action. In some instances, the Office of the Inspector General (OIG) refers allegations to components within the Department and requests notification of their findings and of any disciplinary action taken.

In addition to responding to misconduct allegations, the OIG believes additional benefits can result from proactive efforts to educate and deter employees from engaging in misconduct. To educate Department employees on ethics, agents conducted 70 integrity awareness briefings, reaching 1,944 Department employees.

During this reporting period, 71 arrests were made, including 18 Department employees, 46 civilians, and 7 Department contract personnel. Judicial action resulted in 68 individuals receiving sentences ranging from 2 months' to over 21 years' incarceration. Seizures totaled \$1,249,776, the largest amount seized in a 6-month period since the OIG was established; fines, recoveries, and orders of restitution totaled \$813,997. During this reporting period, 55 Department employees and 2 contractors received disciplinary action, ranging from oral reprimands to termination, as the result of OIG investigations.

Civil Rights

The OIG continues to play a key role in Department civil rights investigations involving Immigration and Naturalization Service (INS) personnel. The OIG has three responsibilities regarding allegations of civil rights violations: receiving complaints, conducting criminal and noncriminal investigations of certain complaints, and tracking the disposition of all complaints among the various Department components that have responsibility for their outcome. The outcomes of OIG activities in these areas are discussed below and on the following pages.

Criminal Investigation of Civil Rights Allegations

The OIG is participating in a coordinated, multicomponent approach to civil rights enforcement along the Southwest Border. Currently, the OIG, U.S. Attorney's Office for the Southern District of California, Civil Rights Division, and Federal Bureau of Investigation (FBI) use a team approach to civil rights enforcement in the San Diego border area of southern California. There, the OIG and FBI jointly investigate for criminal prosecution civil rights matters involving Department employees. The Investigations Division will follow a similar team approach elsewhere along the border involving its McAllen, El Paso, and Tucson Field Offices.

Civil Rights

Developments in civil rights matters during this reporting period include the following:

- Our prior Semiannual Report to Congress described a case in which a Federal jury found an INS detention enforcement officer guilty of violating an alien's civil rights. The investigation by the Los Angeles Field Office revealed that a detained alien was assaulted on two separate occasions. During this reporting period, the INS officer was sentenced to 21 months' incarceration and 3 years' probation.
- Allegations involving the sexual abuse of INS detainees were forwarded to the OIG by Casa Proyecto Libertad (an organization that assists detained aliens with their immigration cases). An investigation by the McAllen Field Office revealed that an INS recreation specialist sexually abused and assaulted young male detainees at an INS Service Processing Center. The specialist pled guilty and was sentenced to six months' incarceration, which was suspended, and to five years' supervised probation. He was prohibited from seeking employment in a custodial facility and was required to seek psychological counseling.

The following chart summarizes all new allegations, and their disposition, of civil rights abuse made against INS employees during the 6-month period ending September 30, 1996.

Civil Rights Allegations Statistics	
Total allegations received	185

Disposition of Total Allegations Received	
OIG preliminary investigations in progress as of 9/30/96	2
OIG investigations opened	10
FBI investigations opened	6
State/local investigations and prosecutions	0
Administrative investigations by INS	16
"Complaints without investigative merit	
-- Of these complaints, 43 required preliminary investigations before	
they were determined not to warrant further investigation."	151

Tracking Civil Rights Allegations

The OIG compiles a monthly civil rights report that lists the credible, serious civil rights allegations made against INS employees and the actions taken by Department components in response to these allegations. The report is distributed to the Attorney General, Deputy Attorney General, INS, FBI, Civil Rights Division, and Executive Office for U.S. Attorneys.

Investigations Division

Civil Rights

The chart below summarizes the total number of civil rights investigations and prosecutions of INS employees tracked and reported by the OIG during this reporting period. Some cases have been tracked for more than one reporting period.

Tracking Report Statistics	
Investigations of Alleged Civil Rights Violations by INS Employees	

Total investigations tracked	80
Disposition of Allegations	
Closed, no action taken	37
Disciplinary actions taken by INS	7
Criminal convictions	2

Significant Investigations

Fraud

- The OIG learned that an INS officer-in-charge at a foreign post was providing fraudulent passports to Chinese alien smuggling groups in Hong Kong. This information was shared with the Hong Kong Independent Commission Against Corruption. The OIG and the Commission cooperated in pursuing leads in their respective countries. Investigative efforts by the San Francisco and El Paso Field Offices confirmed reports of the INS official's plans to travel to Hong Kong and deliver fraudulent passports.

Hong Kong Commercial Daily
Wednesday, July 17, 1996

The Washington Post
Saturday, August 17, 1996

INS Veteran Is Sentenced To 40 Months

*Agent Admits Role
In Alien Smuggling*

By William Branigin
Washington Post Staff Writer

A senior U.S. immigration agent was sentenced in Hong Kong to 40 months in prison yesterday after pleading guilty to involvement in a Chinese alien-smuggling ring.

廉署與美國「OIG」聯手
查獲非法移民集團拘七人

Upon arriving in Hong Kong, the INS official presented his U.S. diplomatic passport to seek entry. He was detained, his baggage was searched, and five fraudulent passports were found in his possession. The INS official, several Hong Kong residents, and the Honduran general consul to Hong Kong were taken into custody and charged by the Commission with trafficking in forged documents. The Honduran government dismissed the general consul from his post and revoked his diplomatic immunity. He is currently a fugitive from charges in Hong Kong and is thought to be in hiding in the Far East. The INS officer-in-charge pled guilty to possession of forged documents and was sentenced by Hong Kong authorities to 40 months' incarceration in a Hong Kong prison. The OIG investigation is continuing.

Significant Investigations

- Our last Semiannual Report to Congress described a case in which a former deputy U.S. marshal was convicted in Federal court in the Southern District of Florida of defrauding the Government. He collected over \$300,000 in benefits under the Federal Employee Compensation Act while operating a travel business. During this reporting period, he was sentenced to serve one year's incarceration and three years' supervised release and ordered to make \$217,843 restitution to the U.S. Department of Labor.
- In the Western District of Texas, the former executive director and the program director of a drug and alcohol rehabilitation center pled guilty to false statements and conspiracy to commit money laundering and agreed to pay a total of \$209,000 in civil fines and penalties. The nonprofit drug and alcohol rehabilitation center received a \$250,000 annual contract from the Bureau of Prisons (BOP) to provide services for Federal inmates in a halfway house environment. An investigation by the El Paso Field Office, Internal Revenue Service, and Travis County, Texas, District Attorney's Office revealed that the directors falsely concealed the fact that the program director was a convicted felon and that they had created a phony corporation through which to launder and convert Federal and State funds to their personal use. Through this fraudulent scheme, the directors obtained excessive bonuses, expensive furniture, and financial loans. This investigation led to a statewide initiative by the Texas Rangers in which similar federally and state funded rehabilitation centers were investigated. After widespread abuses were uncovered, the Governor of Texas placed the Texas Commission on Alcohol and Drug Abuse under conservatorship.
- In the Northern District of Illinois, an INS special agent was convicted by a Federal jury of wire fraud, mail fraud, harboring an illegal alien, and transporting an illegal alien. A 2-year investigation by the Chicago Field Office revealed that the agent used his position and influence to provide fraudulent and unauthorized INS documents and benefits to illegal aliens in order to adopt the aliens' children. The allegation was brought to the attention of the OIG by a personnel officer for a local meat processing plant after the agent attempted to intimidate him into hiring a female alien without the proper documentation. Sentencing is scheduled for early fall.

Bribery

The following two investigations are updates of cases originally included in our March 1995 Semiannual Report to Congress.

- An investigation by the Los Angeles Field Office revealed that an INS supervisory mail clerk was involved in the fraudulent manipulation of the INS Central Index System (CIS)—INS' computerized alien records system—which holds over 30 million

records. The clerk accepted thousands of dollars in return for entering fraudulent biographical information on over 300 aliens into CIS, some of whom were known Asian organized crime figures. During this reporting period, the clerk was sentenced to 2 months' incarceration, 5 years' probation, and

Investigations Division

Significant Investigations

2,000 hours of community service. A coconspirator was accepted into pretrial diversion for cooperating with the Government and agreed to five years' probation and a \$100,000 fine.

- An investigation by the Tucson Field Office revealed that an INS immigration inspector had provided in excess of 50 Border Crosser Cards to undocumented aliens without conducting proper criminal records inquiries or obtaining authentic proof of identification. The inspector and a middleman pled guilty to charges of bribery. During this reporting period, the middleman was sentenced to two years' probation and fined \$1,000. The inspector was sentenced to five years' probation and ordered to pay \$2,244 in restitution.

The following investigations are being reported for the first time.

THE NEW YORK TIMES THURSDAY, AUGUST 1, 1996
***Immigration Official Falsified Papers
For Illegal Aliens, Authorities Say***

By **TERRY PRISTIN**

A senior immigration official in New Jersey accepted gifts ranging from Oriental rugs to roofing materials for falsifying documents that enabled aliens to enter the United States illegally, Federal authorities said yesterday.

***Rugs were gifts in
an immigration
scheme.***

Federal Drug Enforcement Administration in investigations and has served time for perjury. In one of two recorded telephone conversations between Mr. Khairallah and Mr. Loneragan, the immigration service official is heard referring to the work on his roof, ac-

- In the District of New Jersey, an INS assistant district director for examinations was indicted on charges of bribery, conspiracy, alien smuggling, fraud and misuse of U.S. entry documents, aiding and abetting, and making false statements. A joint New York Field Office and FBI investigation disclosed that Lebanese nationals in the Boston

area were able to obtain genuine INS advance parole documents through a middleman with an inside connection at an INS district office. The middleman was indicted on fraud charges in the District of Massachusetts, fled the United States, and was a fugitive for approximately one year. Upon his return, he cooperated with the Government, pled guilty, and identified the district director as his inside connection. Trial is scheduled for this fall.

- In the Southern District of California, a document vendor and 13 others were arrested on bribery charges. An undercover investigation by the San Diego Field Office began when an INS inspector notified the OIG that he was offered bribes in exchange for INS documents and removing criminal or immigration records from INS data bases. A Mexican national served as the middleman and document vendor and introduced 13 clients (including two criminal aliens and two prior deportees) to the inspector over a 2-month period. The inspector was paid \$17,300 in bribes for documents and data base record removals. Five defendants pled guilty and are awaiting sentencing. The other defendants received a pretrial continuance until November 1996.

- A commercial fishing executive from China and his office manager were arrested on charges of conspiracy and bribery. The office manager had offered an INS special agent a bribe in exchange for lawful Permanent Resident Alien status in the United States for her boss. The agent reported the bribe offer and cooperated in an investigation by the San Diego Field Office and FBI. The agent was paid \$30,000 in bribes in return for Permanent Resident Alien status for the executive. Both defendants pled guilty and await sentencing.

Investigations Division

Significant Investigations

- An investigation by the McAllen Field Office disclosed that a Mexican national attempted to cross the border at a Texas port of entry using a fraudulent Border Crosser Card. When denied entry, she offered an INS immigration inspector a \$5,000 bribe for a Resident Alien Card (green card). The alien was allowed to return to Mexico to obtain the money. When she returned to the port of entry, she was videotaped making the bribe payment and arrested by OIG agents. The defendant pled guilty and was sentenced to time served.

- In the Western District of Oklahoma, a Korean national was arrested on charges of bribery. An INS adjudications officer notified authorities that the Korean, a lawful permanent resident, had offered him a bribe in exchange for a passing grade on the English proficiency test required to become a U.S. citizen.

An investigation by the El Paso Field Office and FBI revealed that the Korean had twice failed the required test. The Korean was accepted for Pre-Trial Diversion and agreed to 18 months' probation—6 months' supervised and 12 months' suspended.

Drugs

- Our last Semiannual Report to Congress described the OIG's investigation of three related drug trafficking organizations attempting to identify a corrupt U.S. immigration official to provide them with immigration documents and to facilitate the entry of hundred-kilo loads of cocaine into the United States. After the OIG informed the Drug Enforcement Administration (DEA), these investigations became Organized Crime Drug Enforcement Task Force (OCDETF) cases in the Southern and Central Districts of California. During this reporting period, the five defendants pled guilty and were sentenced. Sentences ranged from 1 month's incarceration and 12 months' probation to 13 months' incarceration and 36 months' probation. One defendant was ordered to be returned to Texas to serve a remaining sentence on a manslaughter conviction. The remaining four were ordered deported as aggravated felons once they have served their sentences.

SAN DIEGO UNION-TRIBUNE

THURSDAY JUNE 27, 1996

Former INS inspector, 2 others convicted of smuggling cocaine

UNION-TRIBUNE

A former inspector for the Immigration and Naturalization Service has been convicted of drug smuggling after allowing at least three tons of cocaine to be driven through the Calexico border crossing.

The three are scheduled to be sentenced Sept. 3. They face a maximum of life in prison and a \$4 million fine for each count.

O'Toole, who prosecuted the case, said in a prepared statement that

- Operation PORT SWEEPER, an investigation by the San Diego Field Office, FBI, and U.S. Customs Service focused on allegations that corrupt INS and U.S. Customs Service inspectors facilitated the smuggling of drugs between Mexicali, Mexico, and the United States. The reputed ring leader, a former INS inspector, was arrested as were four coconspirators on various cocaine smuggling charges. Two pled guilty, and

a Federal jury convicted the remaining three. Search warrants resulted in the seizure and forfeiture to the Government of \$1,222,345 in drug profits.

- In the District of Colorado, a BOP recreation specialist was arrested on charges of attempting to bring contraband into a prison facility. An investigation by the Colorado Springs Area Office and FBI revealed that the recreation specialist was paid over \$700 by relatives of inmates to smuggle marijuana into the facility. The specialist was intercepted by agents while attempting to smuggle into the prison a quarter pound of the drug concealed in laundry detergent boxes.

Investigations Division

Significant Investigations

- An investigation by the McAllen Field Office and an INS Anti-smuggling Unit revealed that a Mexican national conspired to distribute over 50 kilograms of marijuana and attempted to sell a counterfeit Border Crosser Card for \$2,000. The Mexican was arrested on drug trafficking charges and a coconspirator was arrested for drug trafficking, visa fraud, and conspiracy to distribute marijuana.

Theft

- Our last Semiannual Report to Congress described two cases in which deputy U.S. marshals assigned as Witness Security Program inspectors were charged with embezzlement. One investigation by the San Diego Field Office resulted in the deputy marshal being sentenced to two years' incarceration and three years' supervised probation and ordered to pay \$100,000 in restitution. The other investigation by the El Paso Field Office resulted in a deputy marshal being sentenced to five months' incarceration, three years' probation, and five months' home confinement and ordered to pay \$28,800 in restitution.
- In the Western District of Wisconsin, a BOP contract X-ray technician assigned to a correctional institution pled guilty to charges of theft of Government monies. A preliminary review of BOP records revealed that the contractor was not signing in on a daily basis. Instead, he entered his hours worked at the end of the month and submitted them for payment. An investigation by the Chicago Field Office, assisted by the Chicago Regional Audit Office, disclosed that the contractor overbilled BOP by \$21,279. The contractor was sentenced to six months' incarceration and three years' supervised release and ordered to pay restitution.

- A former chief of police in Texas was arrested on State charges of theft and abuse of office. A McAllen Field Office and Texas Rangers investigation, assisted by the Dallas Regional Audit Office, revealed that the former chief had misappropriated approximately \$19,000 in Federal Drug Asset Forfeiture/Equitable Revenue Sharing funds that the city had received. Trial is scheduled for this fall.
- In the District of Columbia, a Department contract mail clerk was arrested on charges of mail theft. An investigation by the Washington Field Office and the U.S. Postal Inspection Service revealed that the mail clerk was involved in an extensive mail theft scheme, targeting bank checks specifically. The clerk, who processed and delivered incoming mail throughout the Department, stole boxes of checks and turned them over to civilian coconspirators in exchange for television sets and video equipment. The clerk pled guilty and will be sentenced in January.
- A BOP correctional officer was arrested on State theft charges in Oregon. Management officials at a Federal Correctional Institution became suspicious that the correctional officer, who was serving as a union official, may have embezzled money from the union. An investigation by the Seattle Area Office and the Yamhill County Sheriff's Office revealed that the officer had taken \$1,685 from a union account for his personal use and falsified his reason for doing so. The correctional officer pled guilty to theft in an Oregon Circuit Court and was sentenced to two years' probation and ordered to pay restitution to the union.

Investigations Division

Significant Investigations

Malfeasance

- In the Western District of Texas, an inmate escaped from a BOP prison camp and established telephone contact with a correctional officer assigned to the facility. The officer failed to report the inmate's calls in a timely manner. An investigation by the El Paso Field Office and U.S. Marshals Service (USMS) revealed additional misconduct by the correctional officer, and BOP's Office of Internal Affairs joined the investigation. Although the investigation did not implicate the correctional officer in the escape, it found that the officer had an inappropriate relationship with another inmate, had failed to honor just debts, and was absent without leave. The correctional

officer was fired for misconduct. The inmate was eventually apprehended, pled guilty to escape, and was sentenced to 20 months' additional confinement and 3 years' probation.

- In the Southern District of Texas, a former BOP commissary and warehouse supervisor assigned to a Federal Prison Camp pled guilty to sexual contact with a ward. This McAllen Field Office investigation revealed that the supervisor had sexual relations with two inmates. Sentencing is scheduled for December 1996.
- An investigation by the OIG revealed that a U.S. Marshal had violated Department regulations by engaging in the unauthorized use of a Government vehicle. During an interview with OIG agents, the marshal admitted to the allegation and received a 30-day suspension from USMS.

Investigations Statistics

The number of complaints received by the OIG continues to rise. During Fiscal Year 1996, complaints increased by 8 percent over last year's total. This is the highest amount ever reported for a single fiscal year by the OIG.

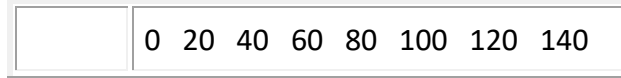
FISCAL YEAR	COMPLAINTS RECEIVED
1996	***** 6233
1995	***** 5757
1994	***** 4957
1993	***** 5772
1992	***** 3157
1991	***** 2684
1990	***** 2678
	0 1000 2000 3000 4000 5000 6000 7000

Investigations Statistics

The total number of convictions and pleas made in Fiscal Year 1996 increased by 30 percent over last Fiscal Year's total. Likewise, the total number of indictments and informations reported this Fiscal Year is the highest ever reported by the OIG and increased by 21 percent over the Fiscal Year 1995 total.

FISCAL YEAR	CONVICTIONS / PLEAS
1996	***** 128
1995	***** 98
1994	***** 112
1993	***** 88
1992	***** 69
1991	***** 68
1990	***** 45
	0 20 40 60 80 100 120 140

FISCAL YEAR	INDICTMENTS / INFORMATIONS
1996	***** 119
1995	***** 101
1994	***** 113
1993	***** 79
1992	***** 96
1991	***** 85
1990	***** 65



The following chart reflects allegations received during the 6-month reporting period ending September 30, 1996.

Source of Allegations Received	
Hotline (telephone and mail)	489
Other sources	2,800
TOTAL Allegations Received	3,289
Disposition of Total Allegations Received	
Preliminary investigations in progress as of 9/30/96	83
Investigations initiated this period	193
Referred to DOJ component and monitored	164
Management issues within and outside DOJ	2,419
No action required	388
Consolidated with another allegation in a category above	033
Pending disposition	9
TOTAL	3,289

Investigations Division

Investigations Statistics

Prosecutive Actions (4. (for this period))	
Investigations referred for prosecution	82
Investigations accepted for prosecution	66
Declined for prosecution	62
Pending acceptance for prosecution	15
Criminal indictments/Informations	68
Arrests	71
Convictions/Pleas	72

(4. Many of these investigations have been under prosecutorial review for more than one reporting period.

Monetary Results	
Fines/Restitutions/Recoveries	\$814,097
Seizures	\$1,249,776
Bribe monies deposited to the Treasury	\$11,173

Audit Division

Overview & Highlights

The Audit Division is responsible for independent audits and related reviews of Department of Justice organizations, programs, functions, computer security and information technology systems, and financial statement audits. The Audit Division also conducts or reviews external audits of expenditures made under Department contracts, grants, and other agreements. Audits are conducted in accordance with the

Comptroller General's Government Auditing Standards and related professional auditing standards. The Audit Division produces a wide variety of audit products designed to provide timely notification to Department management of issues needing attention. The Division also assists the Investigations Division in complex fraud cases.

The Audit Division works closely with Department management in developing recommendations for corrective actions that will resolve weaknesses that its audits bring to light. By doing so, the Audit Division remains responsive to its customers and promotes more efficient and effective Department operations.

During this period, the Audit Division issued 13 internal audit reports covering almost \$2 billion in Department programs; 20 external audit reports covering over \$191 million in Department contracts, grants, and other agreements; 122 audits of bankruptcy trustees with responsibility for funds of over \$289 million; and 130 Single Audit Act audits encompassing over \$363 million. The Division issued five Management Information Memoranda, one Technical Assistance Memorandum, three Investigative Assistance Memoranda, and three Notifications of Irregularity.

Significant Audit Products

Status of INS' Financial Management Corrective Action Plan as of June 30, 1996

Our prior audits of the Immigration and Naturalization Service (INS) financial statement for the fee accounts and Breached Bond Detention Fund resulted in disclaimers of opinion due to the poor condition of INS' accounting records. We found long-standing financial management deficiencies remain at INS.

In 1994, INS proposed that resources allocated for auditing financial statements be used for correcting existing financial management problems. We agreed to INS' proposal on the condition that it continue to prepare financial statements and that it establish a corrective action plan designed to improve overall financial management and eliminate weaknesses identified in previous audit reports.

During the period reviewed, October 1, 1995, through June 30, 1996, however, few new corrective actions were started or completed. Many corrective actions were delayed, including the implementation of the new financial management system. Of the 25 corrective actions that were identified as either "Not Started" or "In Process," 20 were currently behind schedule. To address these long-standing deficiencies, we recommended INS reevaluate and update its corrective action plan accordingly.

Significant Audit Products

We also notified the Attorney General that the current state of INS' financial systems has repercussions outside the INS. For example:

- Our Fiscal Year (FY) 1995 financial statement audit of the Violent Crime Reduction Trust Fund resulted in a disclaimer of opinion for the entire Trust Fund because INS cannot produce auditable financial information. Further, the auditors' reports on internal controls attributed five of the ten material weaknesses and reportable conditions solely to INS.
- INS' inability to produce auditable financial information will negatively affect the Department's FY 1996 annual financial statement audit. This first Departmentwide financial statement audit will have a high profile in Congress and at the Office of Management and Budget. We doubt the Department's ability to receive an opinion on the financial statements as a whole because of material INS deficiencies.

Significant weaknesses in INS' systems must be corrected before an opinion can be expressed on the INS financial statements.

The Community Corrections Center Program in BOP

The Bureau of Prisons' (BOP) Community Corrections Center (CCC) Program provides Federal inmates with a transition back into the communities following release from Federal custody. The CCCs offer counseling, training, access to substance abuse programs, housing referrals, and other services. To qualify for placement, inmates must not pose a significant threat to the community and must contribute 25 percent of their income toward the cost of their CCC food and lodging. In this audit, we identified \$14 million in funds that could be put to better use, and we recommended improving the use of available bed space.

During FY 1994, BOP had 250 CCC contracts providing bed space for about 20,000 inmates. BOP housed and paid for about 3,000 of these inmates who were the responsibility of the Administrative Office of the U.S. Courts (AOUSC). BOP's annual cost of serving all inmates in a CCC setting was \$65.7 million including \$14 million for serving AOUSC inmates.

We found CCCs to be a cost-effective, safe alternative to incarceration. BOP effectively negotiated, awarded, and monitored the CCC contracts. However, CCC

operations can be improved by requiring AOUSC to reimburse BOP its \$14 million annual cost of supervising AOUSC-referred cases.

We determined that BOP can better maximize the usage of CCC bed spaces. On average, 961 unfilled CCC bed spaces were available daily. Finally, BOP needs to standardize the amounts paid by inmates toward the cost of their CCC residence.

Significant Audit Products

Intergovernmental Service Agreements for Detention Facilities

The U.S. Marshals Service (USMS) establishes agreements with local jails to obtain space for the detention of Federal prisoners. For FY 1996, USMS anticipated having almost 1,000 agreements nationwide at a cost of \$295 million. At the request of USMS, we audited six agreements with local jails. These audits resulted in \$9.8 million in questioned costs and over \$1.3 million in funds that could be put to better use.

The audits identified unnecessary and unallowable charges to USMS that should be used to reduce the daily rate charged. We believe that substantial additional savings are available nationwide, and we plan additional audits to specifically identify such savings. We have worked with USMS staff regarding these audits and the program in general. The USMS is aggressively pursuing corrective actions and the recovery of unallowable costs.

Criminal Justice in Indian Country

The Department provides Native American tribes with criminal justice services such as law enforcement, prosecution, development and maintenance of effective tribal courts, and grant funding. Services are provided by the Office of Justice Programs (OJP), Office of Policy Development, Federal Bureau of Investigation (FBI), and U.S. Attorneys' Offices (USAOs). The Office of Tribal Justice seeks to enhance the Department's communication and coordination with tribal governments.

Department agencies have improved criminal justice services provided to Native American tribes. Our audit found that:

- The FBI established good communication and coordination with both tribal and Bureau of Indian Affairs law enforcement agencies. As a result, law enforcement agencies are working together to provide effective law enforcement in Indian country.
- The USAOs established good communication and working relationships with Native American tribes in their districts.
- The Tribal Courts Project effectively assisted in initiating, developing, and enhancing tribal courts.
- The OJP enhanced criminal justice grant funding services to Native American tribes through various programs and activities.

We also noted that Department agencies could improve criminal justice services by maintaining accurate crime statistics for Indian country, consolidating case management systems, and resolving tribal concerns regarding block and formula grants.

Significant Audit Products

INS' Border Patrol Management of Aviation Operations

The Border Patrol's aviation program supports the enforcement operations of the Border Patrol. Aviation operations costs for FY 1995 were approximately \$11.4 million, and the fleet comprised 86 aircraft with an estimated value of \$6.6 million.

Our audit found the Border Patrol lacked an aviation maintenance program to ensure aircraft airworthiness and lacked a comprehensive aviation safety program. In addition, 20 percent of the pilots were not current with the biennial flight review, methods for accumulating and reporting the aviation program costs were inadequate, and a performance measurement system had not been developed.

Border Patrol officials agreed with our recommendations and reported correction of all the deficiencies except for the performance measurement system, which they are developing.

FDIC Reimbursement of Sale Proceeds to USMS

In conjunction with other audit work, we noted that monies from the sale of forfeited real estate had inadvertently been paid to the wrong parties by the closing agent. Both USMS and the Federal Deposit Insurance Corporation (FDIC) shared in the proceeds from forfeited property. We found that each received funds that should have been paid to the other. We determined that FDIC owed USMS a net amount of approximately \$216,000. The FDIC agreed and issued a check for the full amount to USMS.

INS Forecasting for Fee Accounts

INS' forecasting of fee revenue, generated from services and benefits provided to the public, is critical for accurate budget and expenditure decisions. Total annual fee receipts ranged from \$390 million in FY 1991 to \$532 million in FY 1994. Our audit reviewed forecasts for User Fee, Examinations Fee, Legalization Fee, and Land Border Fee accounts.

We found that INS is improving its forecasting methods. INS staff were able to estimate annual User Fee revenue within approximately 10 percent of actual receipts from FY 1992 to FY 1994. INS recently developed a team approach involving budget, program, and statistical personnel to ensure accurate forecasting for the growing Examinations Fee account. This practice should be expanded to the other fee accounts. INS could improve its forecasting methodologies by validating and documenting each revenue forecasting method, making forecasts on an accrual basis rather than a cash accounting basis, and developing an appropriate forecasting method for the Land Border Fee account.

Office of Community Oriented Policing Services

We continued to work with the Office of Community Oriented Policing Services (COPS) in its implementation of the Violent Crime Control and Law Enforcement Act of 1994 and the hiring of 100,000 additional police officers nationwide. Funding for the program for FYs 1995 and 1996 totaled approximately \$2.5 billion.

Significant Audit Products

We developed and tested an expanded audit program to be used to conduct in-depth audits of recipients of COPS grants. This audit program is expected to be used to perform 20 to 30 audits of COPS grant recipients during FY 1997. Contingent upon funding for additional auditor positions from the Violent Crime Reduction Trust Fund, approximately 200 audits of recipients could be performed in FY 1998.

Grant Audits

During this reporting period, we audited approximately \$14 million in expenditures made under 11 Department grants. We identified questioned costs totaling nearly \$1 million.

- An audit of an OJP grant awarded by the Office of Juvenile Justice and Delinquency Prevention (OJJDP) questioned \$376,773 (34 percent of the total audited) because costs were unsupported, unauthorized, or unallowable. We recommended that OJJDP remedy the questioned and unsupported costs.
- An audit of an OJP Bureau of Justice Assistance (BJA) grant questioned \$124,868 because personnel costs were unsupported and unauthorized. We recommended that BJA take action necessary to remedy the costs questioned.

Management Assistance Activities

As part of our ongoing audit of USMS' property management, the Audit Division reviewed the accuracy of the property management accounting records. We found that the records were misstated by over \$100 million and involved three areas: vehicles, equipment, and leasehold improvements. This matter was immediately brought to the attention of USMS and the Justice Management Division (JMD)—the entity responsible for maintaining USMS' accounting system. The USMS responded that it had established a task force to work with JMD to correct the problems identified.

Chief Financial Officers Act of 1990/ Government Management Reform Act of 1994

Financial statement audits are performed at the Department by independent public accountants, with oversight by the Audit Division. During this semiannual period, audits of the FY 1995 annual financial statements were issued for the Asset Forfeiture Program, the Bureau of Prisons Commissary Trust Fund, the Radiation Exposure Compensation Trust Fund, and the Working Capital Fund. Each entity received unqualified opinions on their respective principal financial statements.

In addition, we completed procurement actions to begin the audits of the FY 1996 Consolidated Departmentwide Annual Financial Statement and of Department components.

Significant Audit Products

INS Automation Initiatives

The Audit Division is increasing its efforts in monitoring INS' major automation initiatives project. The initiatives are to enhance INS' Automated Data Processing operations, which affect nearly all aspects of INS program operations. To help implement and monitor this critical, high risk effort, INS entered into its largest contract ever (approximately \$300 million). Objectives of the contract, known as the Information Technology Partnership, were to obtain a contractor to perform as a full partner and provide technical and management expertise in support of development, implementation, and maintenance of the current initiatives and ongoing systems.

Representatives of the Audit Division are:

- proactively working with INS procurement officials to obtain the necessary audits of the contractor by the Defense Contract Audit Agency (DCAA);
- negotiating with INS to define the scope and types of future audits by DCAA and analyzing and commenting on the audits when received;
- participating in the quarterly briefings presented by INS management covering the automation initiative activities in general as well as the quarterly briefings that cover the activities of the INS information technology partner contractor; and
- assessing the automation initiative activities associated with each operation or activity in our regular internal audits of INS operations and activities.

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 U.S. Trustees (EOUST). During the reporting period, 122 trustee reports were issued.

For FY 1996, the EOUST redirected 52 percent of the funds previously reimbursed to the OIG for audits to support other bankruptcy initiatives. This reduction could substantially reduce oversight of a high risk area and increases the possibility that trustee fraud will go undetected.

Single Audit Act

The Single Audit Act and OMB Circulars A-128 and A-133 require recipients of Federal funds to arrange for audits of their activities. During this period, 130 reports were reviewed and transmitted by the Audit Division encompassing 606 Department contracts, grants, and other agreements totaling \$363,143,953. These audits report on financial activities, compliance with applicable laws, and, in many cases, the adequacy of recipients' management controls over Federal expenditures. Reports on organizations over which the Department is cognizant or which

Significant Audit Products

have a preponderance of Department funds are reviewed to ensure compliance with generally accepted Government auditing standards. In certain circumstances and upon Department request, the Audit Division performs audits of State and local governments, nonprofit organizations, and Department contracts and provides requested assistance to these entities.

Follow-up Activities

OMB Circular A-50, "Audit Follow-up," requires audit reports to be resolved within six months of the audit report issuance date. The status of open audit reports is continuously monitored to track the audit resolution and closure process. As of September 30, 1996, the OIG had closed 270 audit reports and was monitoring the resolution process of 113 open audit reports.

Achievements Resulting from Past Audits

In response to our audit of the USMS Intergovernmental Service Agreements (IGA) for Detention Facilities, issued in August 1996, USMS awarded a contract directly to a private correctional detention firm to house Federal prisoners in Mason, Tennessee. The USMS terminated the IGA with the Town of Mason because the IGA participant did not oversee or monitor the private firm's detention operation. The Town also had subrogated its rights and responsibilities under the IGA to the private firm shortly after the IGA was signed.

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	3	\$290,160
Needing management decision during period	3	\$290,160.00
Management decisions made during period: -- Amounts management agreed with	3	\$290,160.00
No management decision at end of period	0	\$0

Audit Statistics

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 made by beginning of period	1	\$2,236,399
Issued during period	3	\$15,327,970
Needing management decision during period	4	\$2,236,399
Management decisions made during period: -- Amounts management agreed to put to better use	1	\$2,236,399
No management decision at end of period	3	\$15,327,970

Audits with Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	11	\$3,894,691	\$1,271,300
Issued during period	30	\$10,894,114	\$1,482,938
Needing management decision during period	41	\$14,788,805	\$2,754,238
Management decisions made during period:-- Amounts management agreed to recover (disallowed)	19	\$4,069,955	\$1,308,347
No management decision at end of period	22	\$10,728,850	\$1,445,891

Audit Statistics

Audits Involving Recommendations for Management Improvements		
Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	26	94
Issued during period	59	201
Needing management decision during period	85	295
Management decisions made during period:-- Number management agreed to implement	45 ⁽¹⁾	159
No management decision at end of period	41	136

⁽¹⁾The number of reports is higher because in some cases management took multiple actions on a single report.

Inspections Division

Overview & Highlights

The Inspections Division provides the Inspector General with an alternative mechanism to assess Department of Justice programs and activities. The Division conducts analyses and makes recommendations to decisionmakers for improvements in Department programs, policies, and procedures. The Division's strength lies in its multidisciplinary workforce and the ability to quickly address diverse issue areas. In addition to assessing Department programs, the Division also conducts special inquiries—assignments requiring immediate action—that are generally initiated at the request of senior Department management or by the Congress.

Work accomplishments during this reporting period include: an assessment of the obstacles the Immigration and Naturalization Service (INS) faces to effective enforcement of immigration laws in sweatshops, Department employee usage of the American Express charge card and monitoring procedures to detect misuse, and the Department's compliance with rules for securing grand jury material and obtaining clearances for private grand jury court reporter personnel.

Significant Inspections

INS Document Fraud Records Corrections

Our review focused on fraud schemes involving the purchase of INS documents from corrupt INS employees and the payment of bribes to INS employees in return for obtaining an immigration benefit.

We found several problems:

- INS investigators usually did not attempt to locate aliens identified as participants in fraud schemes because of higher investigative priorities such as criminal aliens and employer sanctions;
- INS investigators and other INS officers did not initiate deportation proceedings against these aliens; and
- INS did not delete or correct entries to its Central Index System (CIS) to reflect aliens known to have fraudulently obtained documents, nor did INS have provisions

for placing codes or flags on CIS records to alert INS officers should they encounter these same aliens in the future.

The Washington Post Thursday, October 24, 1996 **INS Is Lax in Finding, Deporting Illegal Aliens Who Defraud U.S.**

By William Browner
Washington Post Staff Writer

The Immigration and Naturalization Service has failed to go after thousands of illegal aliens who fraudulently obtained immigration documents from corrupt officials and used them to acquire a variety of federal benefits, an internal Justice Department investigation has found.

In a report completed in September and released yesterday by a congressional committee, the Justice Department's inspection general said the INS has "made little effort to locate or de-

port" more than 100,000 illegal aliens, many permanent residents, welfare recipients, unemployment claimants, the ability to bring in relatives as legal immigrants and even naturalization as U.S. citizens.

The INS responded that it "continues to work" and is developing a system to correct fraudulent entries in INS databases. INS officials said the system would be implemented within months.

Neither the inspection general nor the INS offered any estimate of how many illegal aliens obtained "fraudulent" immigration documents, through bribery or fraud, but several INS particu-

lar cases were cited in the report.

Just yesterday, in Newark, N.J., a former INS criminal investigator was sentenced to 36 months in prison for taking a \$4,000 bribe to exchange for a social INS database used to produce permanent residency cards.

The inspection general's report was released by the Republican-controlled House Committee on Government Reform and Oversight, which currently is investigating a record increase in naturalizations by the INS in fiscal 1996. Congressional Republicans have re-

lucted the Justice Department to reveal the names of the corrupt officials who gave them the cards. The report said that a small number of corrupt officials have been identified.

The inspection general's report also noted that the presence in the United States of more than 4 million illegal aliens has spawned a "foreign economy" in fake documentation, to which the INS has responded by developing a new generation of highly complex, anti-resistant permanent resident, employment authorization and border crossing cards that the agency has failed to deal adequately with the con-

ditions. It also found that the INS has failed to act forcefully on applications, provide false INS documents or stamps or other electronic records, the report said. As a result, the benefits that become genuine documents through fraudulent means.

When corruption is discovered, the Justice Department typically prosecutes the individuals who accepted bribes, those who paid them and the residents who sold the documents to the illegal aliens. But in most cases, the recipients of the documents go undetected, the report said.

Among the reasons INS officials cited for this inaction, according to the

INS' failure to take action against these aliens undermines the credibility of INS' enforcement efforts. We recommended INS develop a flagging system that will alert INS personnel to alien participation in fraud schemes so that benefits will be denied and that INS take more action to locate and deport aliens known to have participated as customers in fraudulent document schemes.

Significant Inspections

Efforts to Combat Harboring and Employing Illegal Aliens in Sweatshops

The INS is responsible for enforcing the laws designed to prevent the employment of illegal aliens and reducing the employment incentives that encourage illegal immigration. Some corrupt employers attempt to circumvent the law by operating underground sweatshops where they employ illegal aliens. The INS faces significant obstacles to effective enforcement of immigration law in sweatshops.

Our inspection found that:

- INS' intelligence division has limited intelligence on sweatshop operations and their links to alien-smuggling organizations stemming from the division's almost total dependence on information from other law enforcement agencies or other INS divisions;
- INS field offices use interagency task forces and innovative enforcement approaches on a limited basis to enforce immigration law in sweatshops;

- INS is unable to deport most aliens found working illegally in the United States or to stop the proliferation of fraudulent work authorization documents; and
- INS' collection difficulties and its failure to track delinquent collection cases may impair the deterrent effect of civil fines on sweatshop operators.

To immediately increase the effectiveness of its sweatshop enforcement efforts, INS should 1) take a stronger leadership role by improving communication links with concerned agencies; 2) develop a plan to increase INS' ability to collect and analyze intelligence on sweatshop operators and their connection to alien smugglers; 3) use the full range of civil and criminal sanctions available to INS under the Immigration and Nationality Act and the U.S. Criminal Code; and 4) implement a process to track all employer sanctions and civil fine collections, identify delinquent debtors, and assess required penalties, interest, and administrative costs.

It is important that INS address these problems because a large illegal immigrant workforce will continue to be available to sweatshop operators for the foreseeable future.

Use of the American Express Charge Card in the Department

The American Express Government Program establishes individual accounts for authorized Department employees and issues these employees charge cards to pay for their transportation and other travel-related expenses. The Department's Justice Management Division (JMD) has provided overall guidance to the components on use of the American Express Government Program, and each component has issued additional guidance to its employees that addresses selected options of the Program.

Significant Inspections

Our inspection found, however, that the Department's and the components' procedures address the use of the charge card by individual cardholders for their transportation and subsistence expenses while on official travel, but do not address other business uses. We also found that not all employees used their Government charge cards to the extent possible for hotel and rental car expenses, thus preventing the Department from receiving the American Express rebate program's maximum refund benefit. Finally, based on a limited sample of charge card transactions, we found a small incidence of payment delinquencies and charge card misuse, including inappropriate retail purchases and automated teller machine withdrawals without associated travel.

To address these concerns, JMD was asked to review the Department's travel regulations to clarify allowable travel-related expenses and to issue additional guidance for program coordinators' use in monitoring American Express charge card expenditures.

Despite these weaknesses, according to payment performance information from American Express, the Department's payment record has been better than that of most other Federal agencies for the period covered during the review.

Safeguarding Grand Jury Material at U.S. Attorneys' Offices

In Fiscal Years (FYs) 1994 and 1995, the U.S. Attorneys' Offices (USAOs) spent over \$9.9 million on grand jury court reporter-related services. Our inspection found numerous problems related to grand jury court reporting. We determined that some court reporter personnel (including court reporters, office support staff, office couriers, and translators) who have access to grand jury material did not have adequate security clearances at 60 percent of USAOs. These USAOs used court reporter personnel who never had background investigations, had expired clearances, or both. In addition, several USAOs had incomplete or no records regarding court reporter personnel clearances.

We found several inadequacies related to the physical security of grand jury material by both USAOs and court reporting firms. We also found no consistency among USAOs in securing grand jury material relating to closed cases and determined that there were no guidelines that address disposal of this material.

We concluded that USAOs should provide better oversight for grand jury reporter personnel security clearances and that Department regulations for securing grand jury material and obtaining clearances for private grand jury court reporter personnel need clarification.

Review of Security Clearances for Contractor Employees in the FBI

Our inspection assessed the management controls that ensure only contractor employees who receive proper background investigations and clearances are given access to National Security Information (NSI) and the Federal Bureau of Investigation (FBI) facilities. We also reviewed FBI's use of the Defense Investigative Service (DIS) to conduct background investigations for employees of FBI contractors.

Significant Inspections

We found that some contractor employees were shown in the system as approved for access to NSI or FBI facilities after their work on an FBI contract had terminated—in some instances between one and six years earlier. We believe FBI will reduce its vulnerability to unauthorized access to NSI and FBI facilities by adding expiration dates for security clearances to the automated information system used to track employment and security status of all individuals working with or under contract to FBI.

We also found that FBI did not fully utilize its agreement with DIS to conduct a specified number of background investigations for employees of FBI contractors. The DIS will conduct NSI clearance background investigations for FBI contractor employees at no cost to FBI. If the agreement had been fully utilized in FY 1995, FBI could have sent an additional 461 NSI background investigations to DIS, thus reducing the workload of FBI special agents conducting NSI background investigations by 29 percent. We believe FBI will achieve further workload reductions by revising the agreement with DIS to turn over responsibility for conducting all contractor NSI background investigations because DIS has indicated they could accommodate the increased workload.

Overall, we concluded that FBI has control procedures in place that, if followed, should ensure contract employees receive proper background investigations and clearances.

Other Activities

The Inspections Division also performs special inquiries, which are generally initiated at the request of senior Department Management or by the Congress, and investigates complaints concerning mismanagement, waste, or abuse. During the past six months, completed activities included:

- Inspectors reviewed allegations of excessive expenditures made with Government funds for an official Department ceremony. We concluded the allegation was unsubstantiated.
- In response to a congressional request, we reviewed the Bureau of Prison's (BOP) telemedicine initiatives to use telecommunication technologies to provide medical information and services to inmates at geographically removed locations. We reported to Congress that BOP and the Department of Defense signed a 5-year Memorandum of Understanding for joint development of telemedicine technology and systems and that BOP will conduct a health care privatization project at the Federal Correctional

Institution in Beaumont, Texas. The project includes the use of contracts to provide all medical care for inmates, including telemedicine services.

Inspections Statistics

Inspections Workload Accomplishments	Number of Inspections
Inspections active at beginning of period	11
Inspections initiated	6
Final inspection reports issued	5
Inspections active at end of reporting period	12

AUDIT DIVISION REPORTS April 1, 1996 - September 30, 1996

INTERNAL AND EXTERNAL REPORTS

The Community Corrections Center Program in the Bureau of Prisons 1/

Immigration and Naturalization Service Forecasting for Fee Accounts

The Westside Preparatory School 2/

United States Marshals Service Intergovernmental Service Agreement for Detention

Facilities with the Hillsborough County, Florida Sheriff's Office 3/

The National Funding Collaborative on Violence Prevention 4/

Radiation Exposure Compensation Trust Fund Annual Financial Statement for FY 1995

United States Marshals Service Intergovernmental Service Agreement for Detention

Facilities with Sarpy County, Nebraska 5/

Safe Haven Expenditures, Denver, Colorado 6/

Weed and Seed Program, City of Denver, Colorado 7/

The Western Regional Children's Advocacy Center 8/

1/ Funds Put to Better Use - \$14,000,000 - \$98,331	5/ Total Questioned Costs
2/ Total Questioned Costs - \$376,733 - \$5,651 Unsupported Costs - \$226,308 \$5,651	6/ Total Questioned Costs Unsupported Costs -
3/ Total Questioned Costs - \$425,769 - \$68,012 Funds Put to Better Use - \$508,810 \$29,021	7/ Total Questioned Costs Unsupported Costs -
4/ Total Questioned Costs - \$124,868 - \$6,315 Unsupported Costs - \$124,497 \$6,315	8/ Total Questioned Costs Unsupported Costs -

A-1

United States Marshals Service Intergovernmental Service Agreement for
Detention
Facilities with the City of Mansfield, Texas 9/

Criminal Justice in Indian Country

Working Capital Fund Annual Financial Statement for FY 1995

United States Marshals Service Intergovernmental Service Agreement for
Detention
Facilities with Central Falls, Rhode Island 10/

Status of the Immigration and Naturalization Service Financial Management
Corrective Action Plan as of June 30, 1996

Immigration and Naturalization Service Border Patrol Management of Aviation
Operations

The New Mexico Department of Public Safety 11/

The Center for Civic Education 12/

Asset Forfeiture Program Annual Financial Statement for FY 1995

Superfund Activities in the Environment and Natural Resources Division
for FY 1994

The New Mexico Department of Public Safety 13/

The National Indian Justice Center 14/

9/ Total Questioned Costs - \$1,186,800
\$17,930

Unsupported Costs - \$959,562

10/ Total Questioned Costs - \$1,860,529
\$78,013

11/ Total Questioned Costs - \$124,560
\$39,909

12/ Total Questioned Costs -

Enhanced Revenues - \$72,752

13/ Total Questioned Costs -

14/ Total Questioned Costs -

Unsupported Costs - \$507

A-2

United States Marshals Service Intergovernmental Service Agreement for
Detention

Facilities with the County of Plymouth, Massachusetts 15/

COPS MORE, The City of New York

The Head-of-the-Harbor Police Department, St. James, New York

United States Marshals Service Intergovernmental Service Agreement for
Detention

Facilities with Union County, New Jersey 16/

The Consortium of Universities of the Washington Metropolitan Area 17/

Federal Prison Industries Management Letter Report for FY 1995

Federal Deposit Insurance Corporation Reimbursement of Sale Proceeds to the
United States Marshals Service 18/

Bureau of Prisons Commissary Trust Fund Annual Financial Statement for
FY 1995

The American Bar Association 19/

The Constitutional Rights Foundation 20/

Use of Equitable Sharing Revenues by the Police Chief of the City of Gregory,
Texas 21/

15/ Total Questioned Costs - \$1,996,600
- \$13,540

16/ Total Questioned Costs - \$4,224,365
- \$73,188
Funds Put to Better Use - \$819,160
\$1,168

17/ Total Questioned Costs - \$15,067
- \$14,860
Unsupported Costs - \$13,252
\$8,223

18/ Enhanced Revenues - \$216,240

19/ Total Questioned Costs

20/ Total Questioned Costs
Enhanced Revenues -

21/ Total Questioned Costs
Unsupported Costs -

A-3

TRUSTEE REPORTS

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

Chapter 7 Audit of Panel Trustee
Carlos Rodriguez

Chapter 7 Audit of Panel Trustee
Antonio Fiol-Matta

Chapter 7 Audit of Panel Trustee
Gregory K. Crews

Chapter 7 Audit of Panel Trustee
Bethann Scharrer

Chapter 7 Audit of Panel Trustee
Donna Baumgardner

Chapter 7 Audit of Panel Trustee
Mark Freund

Chapter 7 Audit of Panel Trustee
James A. Nolan

Chapter 7 Audit of Panel Trustee

William W. Lawrence

Chapter 7 Audit of Panel Trustee
Howard W. Jones

Chapter 7 Audit of Panel Trustee
Ira Gringold

Chapter 7 Audit of Panel Trustee
Leigh R. Meininger

Chapter 7 Audit of Panel Trustee
Stephen P. Livingston

Chapter 12 Audit of Standing Trustee
Arthur S. Wallace

Chapter 12 Audit of Standing Trustee
Walter W. Kelley

Chapter 7 Audit of Panel Trustee
Edwin H. Breyfogle

Chapter 7 Audit of Panel Trustee
Myron N. Terlecky

Chapter 7 Audit of Panel Trustee
Phillip D. Levey

Chapter 7 Audit of Panel Trustee
Kenneth Andrew Nathan

Chapter 7 Audit of Panel Trustee
Eileen Kay Field

Chapter 7 Audit of Panel Trustee
Thomas G. McCuskey

Chapter 7 Audit of Panel Trustee
Joseph R. Voiland

Chapter 7 Audit of Panel Trustee
Marc Preston Gertz

Chapter 7 Audit of Panel Trustee
John Joseph Hunter

Chapter 7 Audit of Panel Trustee
Alan Jay Treinish

Chapter 7 Audit of Panel Trustee
Phillip Stephen Miller

Chapter 7 Audit of Panel Trustee
Darcy D. Williamson

Chapter 7 Audit of Panel Trustee
William A. Brandt, Jr.

Chapter 7 Audit of Panel Trustee
Richard J. Butler

Chapter 7 Audit of Panel Trustee
Harold Jarnicki

Chapter 7 Audit of Panel Trustee
James E. Carmel

Chapter 7 Audit of Panel Trustee
Joseph Stein

Chapter 7 Audit of Panel Trustee
Carl D. Rafoth

Chapter 7 Audit of Panel Trustee
Thomas B. Sullivan

Chapter 7 Audit of Panel Trustee
Jere L. Loyd

Chapter 7 Audit of Panel Trustee
Gus A. Paloian

Chapter 7 Audit of Panel Trustee
Richard Nelson

Chapter 7 Audit of Panel Trustee
William J. Rameker

Chapter 7 Audit of Panel Trustee
Fredrick J. Cruse

Chapter 12 Audit of Standing Trustee
Joseph Morton Black

Chapter 12 Audit of Standing Trustee
Thomas Warren McDonald

Chapter 12 Audit of Standing Trustee
James E. Kohlhorst

Chapter 7 Audit of Panel Trustee
A. Thomas Pokela

Chapter 7 Audit of Panel Trustee
Walter M. Dickinson

Chapter 7 Audit of Panel Trustee
James C. Luker

Chapter 7 Audit of Panel Trustee
Paul T. Gefreh

Chapter 7 Audit of Panel Trustee
Anthony Juarez, III

Chapter 7 Audit of Panel Trustee
Johnny Greg Pritchard

Chapter 7 Audit of Panel Trustee
Thomas H. Connolly

Chapter 7 Audit of Panel Trustee
Thomas C. McBride

Chapter 7 Audit of Panel Trustee
Samera L. Abide

Chapter 7 Audit of Panel Trustee
Cynthia Traina

Chapter 7 Audit of Panel Trustee
Scott M. Seidel

Chapter 7 Audit of Panel Trustee
Harriet E. Styler

Chapter 7 Audit of Panel Trustee
John E. Fitzgibbons

Chapter 7 Audit of Panel Trustee
Harvey L. Morton

Chapter 7 Audit of Panel Trustee
Warren Dupre

A-5

Chapter 7 Audit of Panel Trustee
Stephen W. Rupp

Chapter 12 Audit of Standing Trustee
William M. Bass

Chapter 12 Audit of Standing Trustee
Walter O'Cheskey

Chapter 12 Audit of Standing Trustee
Robert D. Hemphill

Chapter 12 Audit of Standing Trustee
Renee Williams

Chapter 12 Audit of Standing Trustee
Dennis C. Whetzal

Chapter 12 Audit of Standing Trustee
Randall Boughton

Chapter 12 Audit of Standing Trustee
Homer Alfred Boughton

Chapter 12 Audit of Standing Trustee
G. Ray Hendren

Chapter 7 Audit of Panel Trustee
John Harvey Mitchell

Chapter 7 Audit of Panel Trustee
Lothar Goernitz

Chapter 7 Audit of Panel Trustee
Robert P. Abele

Chapter 7 Audit of Panel Trustee
Eric R.T. Roost

Chapter 7 Audit of Panel Trustee
Heidi Leanders

Chapter 7 Audit of Panel Trustee
Tom R. Grimmett

Chapter 7 Audit of Panel Trustee
Weneta Kosmala

Chapter 7 Audit of Panel Trustee
James Calvin Hermansen

Chapter 7 Audit of Panel Trustee
Alvin Kackley

Chapter 7 Audit of Panel Trustee
Barry L. Solomon

Chapter 7 Audit of Panel Trustee
Mohamed Poonja

Chapter 7 Audit of Panel Trustee
Mary Woo

Chapter 12 Audit of Standing Trustee
Ronald D. Schoen

Chapter 7 Audit of Panel Trustee
L. George Reder

Chapter 7 Audit of Panel Trustee
Joseph L. Schindler

Chapter 7 Audit of Panel Trustee
Matthew J. McGowan

Chapter 7 Audit of Panel Trustee
David Gniewek

Chapter 7 Audit of Panel Trustee
Jennifer Rood

Chapter 7 Audit of Panel Trustee
Jeoffrey Burtch

Chapter 7 Audit of Panel Trustee
Joseph J. Bernstein

Chapter 7 Audit of Panel Trustee
Allan J. Bentkofsky

A-6

Chapter 7 Audit of Panel Trustee
Mark J. Friedman

Chapter 7 Audit of Panel Trustee
Steven Notinger

Chapter 7 Audit of Panel Trustee
C. Bruce Lawrence

Chapter 7 Audit of Panel Trustee
Christopher M. Houlihan

Chapter 7 Audit of Panel Trustee
Martin Sheehan

Chapter 7 Audit of Panel Trustee
Robert M. Fisher

Chapter 7 Audit of Panel Trustee
Norman L. Pernick

Chapter 7 Audit of Panel Trustee
Stephen Tsai

Chapter 7 Audit of Panel Trustee
K. Lawrence Kemp

Chapter 7 Audit of Panel Trustee
John H. Heyer, II

Chapter 7 Audit of Panel Trustee
Paul Fischer

Chapter 7 Audit of Panel Trustee
Michael O'Leary

Chapter 7 Audit of Panel Trustee
Mark J. Conway

Chapter 7 Audit of Panel Trustee
Martin Ochs

Chapter 7 Audit of Panel Trustee
Thomas A. Dorey

Chapter 7 Audit of Panel Trustee
Carmen Maggio

Chapter 7 Audit of Panel Trustee
H. Lee Addison, III

Chapter 7 Audit of Panel Trustee
Marilyn A. Frier

Chapter 7 Audit of Panel Trustee
Marc H. Baer

Chapter 7 Audit of Panel Trustee
Donna Hall

Chapter 7 Audit of Panel Trustee
Douglas Warren Marky

Chapter 7 Audit of Panel Trustee
Douglas J. Lustig

Chapter 7 Audit of Panel Trustee
Kenneth Kirschenbaum

Chapter 7 Audit of Panel Trustee
Terry Lee Musika

Chapter 7 Audit of Panel Trustee
Gloria Satriale

Chapter 7 Audit of Panel Trustee

Robert E. Wick

Chapter 7 Audit of Panel Trustee
Douglas J. Wolinsky

Chapter 7 Audit of Panel Trustee
Henry G. Bennett, Jr.

Chapter 7 Audit of Panel Trustee
Thomas Genova

Chapter 7 Audit of Panel Trustee
Joseph DiPasquale

A-7

Chapter 7 Audit of Panel Trustee
Gleb Glinka

Chapter 7 Audit of Panel Trustee
Robert Drexel

Chapter 7 Audit of Panel Trustee
Charles Marcus

Chapter 7 Audit of Panel Trustee
Roy Babbit

Chapter 7 Audit of Panel Trustee
Richard J. McCord

Chapter 12 Audit of Standing Trustee
Morris L. Horwitz

A-8

REPORTS OF DEPARTMENT OF JUSTICE **ACTIVITIES COMPLETED BY OTHERS**

Audit of the Boys and Girls Clubs of America 1/

Audit of the P.A.C.E. Center for Girls, Inc.

Audit of the National Juvenile Detention
Association

Audit of the Chatham-Savannah Youth Futures
Authority

Audit of the Institute for Intergovernmental
Research, Inc.

Audit of Hernando County, Florida Sheriff's
Office

Audit of the City of Lighthouse Point, Florida

Audit of the City of Hialeah Gardens, Florida

Audit of the Franklin County, Alabama
Commission

Audit of the City of Miramar, Florida

Audit of the City of Palatka, Florida

Audit of Operation PAR, Inc.

Audit of the State of North Carolina

Audit of Knox County, Tennessee

Audit of the South Carolina Governor's
Office

Audit of Beaufort County, South Carolina

1/ Total Questioned Costs - \$1,134

Audit of the Metropolitan Government of
Nashville and Davidson County, Tennessee

Audit of Manatee County, Florida

Audit of the City of Cleveland, Tennessee

Audit of Florence County, South Carolina

Audit of the State of Tennessee

Audit of the City of Sunrise, Florida

Audit of the City of St. Petersburg, Florida

Audit of Bibb County, Georgia

Audit of Louisville, Kentucky

Audit of the City of Orlando, Florida

Audit of the City of Fort Myers, Florida

Audit of the State of Alabama 2/

Audit of the City of Port Lucie, Florida 3/

Audit of the City of Fort Pierce, Florida

Audit of the City of Hialeah, Florida

Audit of the City of Miami Beach, Florida

Audit of Palm Beach County, Florida

Audit of the City of North Miami Beach,
Florida

2/ Total Questioned Costs - \$1,526

3/ Total Questioned Costs - \$2,406

A-9

Audit of the City of Mobile, Alabama

Audit of the City of Memphis, Tennessee

Audit of Community Corrections Improvement
Association

Audit of the Alzheimers Association

Audit of the Indiana Criminal Justice
Institute 4/

Audit of the Macatawa Area Coordinating
Council

Audit of the Illinois Criminal Justice
Information Authority

Audit of the Mid-States Organized Crime
Information Center

Audit of the University of Chicago
Audit of the University of Illinois
Audit of the University of Wisconsin System
Audit of Northwestern University
Audit of the University of Chicago
Audit of the State of Iowa 5/
Audit of the City of Lincoln, Nebraska
Audit of the State of Ohio
Audit of the Grand Portage Reservation
Tribal Council

4/ Total Questioned Costs - \$22,575
5/ Total Questioned Costs - \$984
Audit of the City of Madison, Wisconsin
Audit of the City of Detroit, Michigan
Audit of the State of Ohio
Audit of the City of Madison, Wisconsin
Audit of the State of Nebraska 6/
Audit of the State of Kansas
Audit of the Texas Key Program, Inc.
Audit of the Associated Catholic Charities
of the Diocese of Galveston-Houston
Audit of the Town of Marshall Creek, Texas
Audit of the City of Lockhart, Texas
Audit of the Calcasieu Parish Sheriff, Louisiana
Audit of the State of New Mexico Crime
Victims Reparation Commission
Audit of the Department of Finance and
Administration, Arkansas
Audit of Grayson County, Texas
Audit of Harrison County, Texas

Audit of the City of Pampa, Texas

Audit of the County of El Paso, Texas

Audit of the State of New Mexico Crime
Victims Reparation Commission

Audit of Wilson County, Texas

6/ Total Questioned Costs - \$1,337

A-10

Audit of Douglas County, Texas

Audit of the State of New Mexico
Department of Public Safety

Audit of the ARC of the United States

Audit of the University of New Mexico

Audit of the University of Oklahoma, Norman
Campus

Audit of Tarrant County, Texas 7/

Audit of the Arkansas State Highway and
Transportation Department

Audit of the Fort Sill Apache Tribe of
Oklahoma

Audit of the State of North Dakota 8/

Audit of the Pueblo of Jemez

Audit of the Ramah Navajo School Board,
Inc., New Mexico

Audit of the State of Utah

Audit of the Department of Human Services,
Arkansas

Audit of Dallas County, Texas

Audit of the Eight Northern Indian Pueblos

Council, Inc., New Mexico

Audit of the State of Wyoming

7/ Total Questioned Costs - \$5,521
 Unsupported Costs - \$5,521

8/ Total Questioned Costs - \$25,081
 Unsupported Costs - \$25,081

Audit of the City of Beaumont, Texas

Audit of the State of Colorado

Audit of Webb County, Texas

Audit of Parents Anonymous, Inc.

Audit of the National Council of Juvenile
and Family Court Judges

Audit of the National CASA Association

Audit of Asian Pacific American Legal
Center, Inc.

Audit of the Community Board Program

Audit of D.A.R.E. America

Audit of the Constitutional Rights Foundation

Audit of Just Say No International

Audit of the National Indian Justice
Center, Inc. 9/

Audit of the Department of Attorney General,
State of Hawaii 10/

Audit of the Judiciary, State of Hawaii

Audit of the University of Southern California

Audit of Washington County, Oregon

Audit of Multnomah County, Oregon

Audit of the City and County of Honolulu, Hawaii

9/ Total Questioned Costs - \$384

10/ Total Questioned Costs - \$79,000
 Unsupported Costs - \$79,000

Audit of Douglas County, Oregon

Audit of the State of Oregon

Audit of the Republic of Palau, National
Government

Audit of the City of Mountain View,
California

Audit of the City of Alameda, California

Audit of Orange County, California

Audit of the County of Stanislaus,
California

Audit of the City of San Jose, California

Audit of the City of Phoenix, Arizona

Audit of the University of Southern
California

Audit of the State of California

Audit of the City of Oroville, California

Audit of the City of Brawley, California

Audit of the Idaho Department of Health
and Welfare

Audit of the County of Alameda, California

Audit of the County of Alameda, California

Audit of the Lazar Institute

Audit of the Consortium of Universities of
the Washington Metropolitan Area

Audit of the National Organization for
Victim Assistance, Inc.

Audit of the National Center for

Neighborhood Enterprise

Audit of the Center for Criminal Justice
Studies

Audit of the National Criminal Justice
Association

Audit of the National Center for Missing
and Exploited Children

Audit of the National Office for Social
Responsibility

Audit of Baltimore County, Maryland

Audit of the Commonwealth of Virginia 11/

11/ Total Questioned Costs - \$3,086

A-12

INSPECTIONS DIVISION REPORTS

April 1, 1996 through September 30, 1996

INTERNAL REPORTS

Immigration and Naturalization Service's Efforts to Combat Harboring and
Employing Illegal Aliens in Sweatshops

Safeguarding Grand Jury Material at U.S. Attorneys' Offices

Use of the American Express Charge Card in the Department of Justice

Evaluating Security Clearance Procedures for Contractors in the Federal Bureau of
Investigation

Immigration and Naturalization Service's Document Fraud Records
Corrections

A-13

High Risk Areas

The Department of Justice (Department) and the Office of Management and Budget have identified nine specific areas within the Department with a high risk for fraud, waste, and abuse. Audits and inspections in these areas provide managers with assistance to correct specific high risk activities, thus ensuring improved operations within the Department. During this reporting period, the OIG issued the following audit reports that addressed five of the high risk areas.

High Risk Area	Type of Audit
Overcrowding in Federal Prisons	The Community Corrections Center Program in BOP
Asset Forfeiture Program	FDIC Reimbursement of Sale Proceeds to the USMS Use of Equitable Sharing Revenues by the Chief of Police City of Gregory, Texas Asset Forfeiture Program Annual Financial Statement FY 1995
Shortage of Detention Facilities	USMS IGA with Hillsborough County, Florida Sheriff's Office USMS IGA with Sarpy County, Nebraska USMS IGA with City of Mansfield, Texas USMS IGA with Union County Jail, New Jersey USMS IGA with Central Falls, Rhode Island USMS IGA with County of Plymouth, Massachusetts
Monitoring Private Trustees	Chapter 7 Panel Trustees Chapter 12 Standing Trustees
Automated Information Systems Planning	Status of the INS Financial Management Corrective Action Plan as of June 30, 1996 INS Fee Forecasting

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

Border Crosser Card: An INS identification card (Form I-586) issued to Mexican nationals residing along the border in Mexico that permits entry into the U.S. for shopping or visits of short duration.

Disallowed Cost: A questioned cost that management has sustained or agreed should not be charged to the Government.

Enhanced Revenues: Future annual revenues that can be obtained from management action on audit recommendations.

External Audit Report: The results of audits and related reviews of expenditures made under Department of Justice contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Final Action: (a) The completion of all actions that the management of an establishment has concluded 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.

Green Card: INS Alien Registration Receipt Card (Form I-151 or Form I-551).

Information: Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

Inspection Advisory Notice: Method of bringing important and time sensitive issues to management's attention while inspections work is still ongoing or to share information on a subject matter outside the defined scope of a review.

Internal Audit Report: The results of audits and related reviews of Department of Justice organizations, programs, functions, computer security and information technology, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Leasehold Improvements: Enhancements made to leased property, such as renovations to a leased building, that revert to the lessor at the end of the lease.

Management Issues: Allegations, generally of an administrative nature, that are sent to managers in the Department, or of other Departments, for their information and such action as they deem appropriate.

OIG Referrals: Matters 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.

A-15

(Glossary Continued)

Pre-Trial Diversion: An alternative to prosecution which seeks to divert certain offenders from traditional criminal justice processing into a program of supervision and services administered by the U.S. Probation Service or other appropriate community agency providing such services. Participants who successfully complete the program have charges against them dismissed; unsuccessful participants are returned for prosecution.

Questioned Cost: 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.

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) deobligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs not 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 that are specifically identified.

Recovered Funds: Government funds returned to the Department or the U.S. Treasury as the result of an investigation.

Restitution Funds: Payments to victims of crimes or civil wrongs 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 confiscated by law enforcement officials. A decision is made by a court or civil authority regarding the disposition of the seized property.

Unqualified Opinion: An auditor's judgment that there are no reservations as to the fairness of presentation of an organization's financial statements and their conformity with generally accepted accounting principles.

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.

A-16

Reporting Requirements Index

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

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	5
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7 to 33
Section 5(a)(2)	Significant Recommendations for Corrective Action	19 to 33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	7 to 17

Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-1 to A-12
Section 5(a)(7)	Summary of Significant Reports	7 to 33
Section 5(a)(8)	Audit Reports--Questioned Costs	26
Section 5(a)(9)	Audit Reports--Funds to be put to Better Use	26
Section 5(a)(10)	Prior Audit Reports Unresolved	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None

A-17

On-Line Report Availability

Many audit, inspections, and special reports are available at the following Internet address: <http://www.usdoj.gov/oig>. In addition, the same materials are available through the Inspectors General Network's World Wide Web server at <http://www.sbaonline.sba.gov/ignet/internal/doj/doj.html>.

For additional copies of this report or copies

of previous editions, write :

DOJ/OIG/M&P

P.O. Box 28329

Washington, D.C. 20038-8329

or call:

High Risk Areas

The Department of Justice (Department) and the Office of Management and Budget have identified nine specific areas within the Department with a high risk for fraud, waste, and abuse. Audits and inspections in these areas provide managers with assistance to correct specific high risk activities, thus ensuring improved operations within the Department. During this reporting period, the OIG issued the following audit reports that addressed five of the high risk areas.

High Risk Area	Type of Audit
Overcrowding in Federal Prisons	The Community Corrections Center Program in BOP
Asset Forfeiture Program	FDIC Reimbursement of Sale Proceeds to the USMS Use of Equitable Sharing Revenues by the Chief of Police City of Gregory, Texas Asset Forfeiture Program Annual Financial Statement FY 1995
Shortage of Detention Facilities	USMS IGA with Hillsborough County, Florida Sheriff's Office USMS IGA with Sarpy County, Nebraska USMS IGA with City of Mansfield, Texas USMS IGA with Union County Jail, New Jersey USMS IGA with Central Falls, Rhode Island USMS IGA with County of Plymouth, Massachusetts
Monitoring Private Trustees	Chapter 7 Panel Trustees Chapter 12 Standing Trustees
Automated Information Systems Planning	Status of the INS Financial Management Corrective Action Plan as of June 30, 1996 INS Fee Forecasting

Glossary of Terms

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

Border Crosser Card: An INS identification card (Form I-586) issued to Mexican nationals residing along the border in Mexico that permits entry into the U.S. for shopping or visits of short duration.

Disallowed Cost: A questioned cost that management has sustained or agreed should not be charged to the Government.

Enhanced Revenues: Future annual revenues that can be obtained from management action on audit recommendations.

External Audit Report: The results of audits and related reviews of expenditures made under Department of Justice contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Final Action: (a) The completion of all actions that the management of an establishment has concluded 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.

Green Card: INS Alien Registration Receipt Card (Form I-151 or Form I-551).

Information: Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

Inspection Advisory Notice: Method of bringing important and time sensitive issues to management's attention while inspections work is still ongoing or to share information on a subject matter outside the defined scope of a review.

Internal Audit Report: The results of audits and related reviews of Department of Justice organizations, programs, functions, computer security and information technology, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Leasehold Improvements: Enhancements made to leased property, such as renovations to a leased building, that revert to the lessor at the end of the lease.

Management Issues: Allegations, generally of an administrative nature, that are sent to managers in the Department, or of other Departments, for their information and such action as they deem appropriate.

OIG Referrals: Matters 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.

A-15

(Glossary Continued)

Pre-Trial Diversion: An alternative to prosecution which seeks to divert certain offenders from traditional criminal justice processing into a program of supervision and services administered by the U.S. Probation Service or other appropriate community agency providing such services. Participants who successfully complete the program have charges against them dismissed; unsuccessful participants are returned for prosecution.

Questioned Cost: 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.

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) deobligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs not 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 that are specifically identified.

Recovered Funds: Government funds returned to the Department or the U.S. Treasury as the result of an investigation.

Restitution Funds: Payments to victims of crimes or civil wrongs 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 confiscated by law enforcement officials. A decision is made by a court or civil authority regarding the disposition of the seized property.

Unqualified Opinion: An auditor's judgment that there are no reservations as to the fairness of presentation of an organization's financial statements and their conformity with generally accepted accounting principles.

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.

A-16

Reporting Requirements Index

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

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	5
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7 to 33
Section 5(a)(2)	Significant Recommendations for Corrective Action	19 to 33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	7 to 17

Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-1 to A-12
Section 5(a)(7)	Summary of Significant Reports	7 to 33
Section 5(a)(8)	Audit Reports--Questioned Costs	26
Section 5(a)(9)	Audit Reports--Funds to be put to Better Use	26
Section 5(a)(10)	Prior Audit Reports Unresolved	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None

A-17

High Risk Areas

The Department of Justice (Department) and the Office of Management and Budget have identified nine specific areas within the Department with a high risk for fraud, waste, and abuse. Audits and inspections in these areas provide managers with assistance to correct specific high risk activities, thus ensuring improved operations within the Department. During this reporting period, the OIG issued the following audit reports that addressed five of the high risk areas.

High Risk Area	Type of Audit
Overcrowding in Federal Prisons	The Community Corrections Center Program in BOP
Asset Forfeiture Program	FDIC Reimbursement of Sale Proceeds to the USMS Use of Equitable Sharing Revenues by the Chief of Police City of Gregory, Texas Asset Forfeiture Program Annual Financial Statement FY 1995

Shortage of Detention Facilities	USMS IGA with Hillsborough County, Florida Sheriff's Office USMS IGA with Sarpy County, Nebraska USMS IGA with City of Mansfield, Texas USMS IGA with Union County Jail, New Jersey USMS IGA with Central Falls, Rhode Island USMS IGA with County of Plymouth, Massachusetts
Monitoring Private Trustees	Chapter 7 Panel Trustees Chapter 12 Standing Trustees
Automated Information Systems Planning	Status of the INS Financial Management Corrective Action Plan as of June 30, 1996 INS Fee Forecasting

A-14

Glossary of Terms

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

Border Crosser Card: An INS identification card (Form I-586) issued to Mexican nationals residing along the border in Mexico that permits entry into the U.S. for shopping or visits of short duration.

Disallowed Cost: A questioned cost that management has sustained or agreed should not be charged to the Government.

Enhanced Revenues: Future annual revenues that can be obtained from management action on audit recommendations.

External Audit Report: The results of audits and related reviews of expenditures made under Department of Justice contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Final Action: (a) The completion of all actions that the management of an establishment has concluded 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.

Green Card: INS Alien Registration Receipt Card (Form I-151 or Form I-551).

Information: Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

Inspection Advisory Notice: Method of bringing important and time sensitive issues to management's attention while inspections work is still ongoing or to share information on a subject matter outside the defined scope of a review.

Internal Audit Report: The results of audits and related reviews of Department of Justice organizations, programs, functions, computer security and information technology, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Leasehold Improvements: Enhancements made to leased property, such as renovations to a leased building, that revert to the lessor at the end of the lease.

Management Issues: Allegations, generally of an administrative nature, that are sent to managers in the Department, or of other Departments, for their information and such action as they deem appropriate.

OIG Referrals: Matters 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.

A-15

(Glossary Continued)

Pre-Trial Diversion: An alternative to prosecution which seeks to divert certain offenders from traditional criminal justice processing into a program of supervision and services administered by the U.S. Probation Service or other appropriate

community agency providing such services. Participants who successfully complete the program have charges against them dismissed; unsuccessful participants are returned for prosecution.

Questioned Cost: 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.

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) deobligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs not 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 that are specifically identified.

Recovered Funds: Government funds returned to the Department or the U.S. Treasury as the result of an investigation.

Restitution Funds: Payments to victims of crimes or civil wrongs 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 confiscated by law enforcement officials. A decision is made by a court or civil authority regarding the disposition of the seized property.

Unqualified Opinion: An auditor's judgment that there are no reservations as to the fairness of presentation of an organization's financial statements and their conformity with generally accepted accounting principles.

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.

Reporting Requirements Index

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

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	5
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7 to 33
Section 5(a)(2)	Significant Recommendations for Corrective Action	19 to 33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	7 to 17
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-1 to A-12
Section 5(a)(7)	Summary of Significant Reports	7 to 33
Section 5(a)(8)	Audit Reports--Questioned Costs	26
Section 5(a)(9)	Audit Reports--Funds to be put to Better Use	26
Section 5(a)(10)	Prior Audit Reports Unresolved	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None

On-Line Report Availability

Many audit, inspections, and special reports are available at the following Internet address:
<<http://www.usdoj.gov/oig>>. In addition, the same materials are available through the
Inspectors General Network's World Wide Web server at
<<http://www.sbaonline.sba.gov/ignet/internal/doj/doj.html>>.

For additional copies of this report or copies

of previous editions, write :

DOJ/OIG/M&P

P.O. Box 28329

Washington, D.C. 20038-8329

or call:

(202) 616-4550

Reporting Requirements Index

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

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	5
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7 to 33
Section 5(a)(2)	Significant Recommendations for Corrective Action	19 to 33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	7 to 17

Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-1 to A-12
Section 5(a)(7)	Summary of Significant Reports	7 to 33
Section 5(a)(8)	Audit Reports--Questioned Costs	26
Section 5(a)(9)	Audit Reports--Funds to be put to Better Use	26
Section 5(a)(10)	Prior Audit Reports Unresolved	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None