The Office of the Inspector General depends upon the assistance of other Department of Justice components and employees for its successes. We are devoting the inside front cover and the inside back cover to pay special tributes to Assistant U.S. Attorney Suzanne G. Curt and to the Anti-Smuggling Unit of the INS, U.S. Border Patrol Sector at Laredo, Texas.

Assistant United States Attorney
Suzanne G. Curt

Assistant United States Attorney Suzanne Grealy Curt, United States Attorney's Office for the District of Columbia, Public Corruption Section, prosecuted a complex fraud and corruption case involving a janitorial services contract for the Department of Justice building in Washington, D.C.

AUSA Curt secured the conviction of a former DOJ contracting officer's technical representative accused of soliciting and receiving bribes. The former official had conspired with the company's president to pay for janitorial services which were not provided. In exchange, the president placed the contracting officer's technical representative's spouse on the company payroll as a ghost employee. Through his spouse, the contracting officer's technical representative thus received more than $52,000 in bribes over the life of the contract. The contractor received $433,000 for services not provided. In addition to the conviction of the DOJ official, AUSA Curt obtained a guilty plea from the company president for conspiracy to defraud the Government.

Despite a vigorous defense and other complicating factors, AUSA Curt remained steadfast. Her outstanding skill and determination reflect the highest traditions of the Department of Justice and the United States Attorney's Office for the District of Columbia.
Foreword

This report, which summarizes the Office of the Inspector General (OIG) activities for the 6-month period ending March 31, 1994, is our tenth Semiannual Report to Congress.

Our accomplishments are indicative of our emphasis on audits, inspections, and investigations that have an impact on Department of Justice programs and operations. We continue our focus on specific DOJ activities that the Department and OMB have identified as "high risk" areas for fraud, waste, and abuse. Finally, we are reporting on projects that have anticipated or reflect the priority given to reinventing Government.

Richard J. Hankinson
Inspector General
# Table of Contents

## Overview

- Executive Direction ................................................. 1
- Initiatives ................................................................. 1
- Review of Legislation and Regulations .................... 3
- High Risk Areas .......................................................... 3

## Investigations Division

- Significant Investigations ........................................... 5

## Inspections Division

- Significant Inspections ................................................ 15

## Audit Division

- Significant Audits ......................................................... 23

## Appendices

- Inspection Reports ......................................................... A-1
- Audit Reports ............................................................... A-2
- Glossary of Terms .......................................................... A-13
- Reporting Requirements Index .......................................... A-15
Listing of Charts

High Risk Areas ________________ 3

Investigations Statistics
Hotline and Complaint Statistics ___ 10
Preliminary Investigative
  Caseload ____________________ 11
  Investigative Caseload ________ 11
  Prosecutive Actions __________ 12
  Monitored Referrals ____________ 12
  Monetary Results ______________ 12
  AG On-Line ____________________ 13

Inspections Statistics
  Inspections Workload __________ 21
  SIS Workload _________________ 21
  Disposition of SIS-Referred
    Complaints _________________ 21

Audit Statistics
  Enhanced Revenues _____________ 30
  Funds Recommended for
    Better Use _________________ 30
  Questioned Costs ______________ 31
  Management Improvements ____ 31
The Office of the Inspector General provides leadership and assists management to promote economy, efficiency, and effectiveness within the Department of Justice (DOJ). The OIG enforces Federal bribery, fraud, waste, abuse and integrity laws and regulations within the Department and identifies for prosecution those individuals or organizations involved in financial, contractual, or criminal misconduct in DOJ programs and operations.

The OIG carries out this mission through four components. The Audit Division, located in Washington, D.C., has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C. The Investigations Division has its headquarters in Washington, D.C. The Division has field offices in Atlanta; Chicago; El Paso; Los Angeles; McAllen, Texas; Miami; New York; San Diego; San Francisco; Seattle; Tucson; Atlanta; and Washington, D.C. The Inspections Division and the Management and Planning Division are located in Washington, D.C.

Staffing and Budget

The OIG’s FY 1994 appropriation provides 335 permanent positions, 335 workyears, and $30,000,000. Estimated reimbursable resources total $9,008,000 and an additional 81 workyears, and include $1,247,000 for financial statement audits. The FY 1995 request pending in Congress seeks 331 permanent positions, 328 workyears, and $30,582,000. FY 1995 reimbursements are expected to total $8,956,000 and 80 workyears. An agreement with the Environmental Protection Agency will be discontinued in FY 1995.

OIG Initiatives

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

Reinventing Government

The OIG developed several initiatives that support the administration’s goal to reinvent Government. Improving customer satisfaction was an area that the OIG specifically emphasized.

Customer Service: The Inspections Division initiated a series of ongoing customer service visits with Department component managers and liaisons to exchange ideas on how future inspections can improve program operations and effectiveness.

The Audit Division developed a customer satisfaction survey and initiated meetings with Department components using the survey. Meetings have been held with officials of the Drug Enforcement Administration, U.S. Marshals Service, FBI, Bureau of Prisons, the Justice Management Division, and EOUSA. In addition, the OIG’s Regional Audit Managers (RAM) met with local U.S. Trustees to solicit their ideas on a number of issues. The RAMs plan to
Initiatives

meet with their field Department components to obtain feedback on how well the Division is serving its customers.

The Investigations Division implemented a pilot program with the Bureau of Prisons and the U.S. Marshals Service that will shorten the time required to refer certain allegations of wrongdoing to these Justice components for appropriate action. (Responsibility to monitor these investigations remains with the OIG.) This initiative is in keeping with the NPR Report’s focus on helping managers improve systems to prevent fraud while eliminating unnecessary or duplicative paperwork and procedures.

The Management and Planning Division (M&P) designed a survey to measure the level of customer satisfaction with M&P services. The survey, which was distributed to 153 OIG employees, will provide OIG senior management and M&P program managers with information about how to better serve their customers and meet OIG operational requirements.

IGNet: The Investigations Division is coordinating the establishment of IGNet, a computer conference network of all Inspectors General, under the auspices of the National Performance Review. OMB and GAO have expressed interest in IGNet, which may also have the capability to connect electronically with State Inspectors General.

Civil Rights

The OIG’s San Diego Field Office completed a 90-day Civil Rights initiative in which the OIG reviewed the efficiency and effectiveness of the current reporting system, conducted proactive activities to deter civil rights abuses by certain DOJ employees, expedited referral or investigation of civil rights allegations received, and uncovered systemic problems that impeded the effective investigation of civil rights matters.

The Investigations Division designed a Spanish language poster that tells Spanish-speaking people how to convey information about DOJ employee misconduct. The poster, which included the phone number and address of the local OIG office where a complaint could be made, was distributed throughout the southwest. In conjunction with the poster, the Investigations Division designed a Spanish language mail-in complaint form. The postage-free complaint form—also distributed throughout the southwest—can be mailed from anywhere in the United States.

Integrity Awareness

To educate DOJ employees on ethics and the consequences of misconduct, and on the preservation of the public trust, OIG agents throughout the country gave 30 Integrity Awareness briefings to 1,252 Department employees.
Overview

Review of Legislation and Regulations
The Inspector General Act requires that the Inspector General review proposed legislation relating to the programs and operations of the Department of Justice. Although the Department’s Office of Legislative Affairs and Office of Policy Development review all proposed or enacted legislation that could affect the Department’s activities, the OIG independently reviews proposed legislation regarding fraud, waste and abuse in the Department’s programs or operations, or that affect the operations of the OIG. Over the past 6 months, the OIG reviewed several legislative proposals, including H.R. 3400, the Government Reform and Savings Act of 1993.

High Risk Areas
The Department and OMB identified specific DOJ activities that have a “high risk” for fraud, waste, and abuse. The Department has 10 areas on the High Risk Area list published by OMB. Audits and inspections in these areas provide Department managers with assistance to correct specific high risk activities, thus ensuring improved operations within the Department. During this reporting period, the OIG issued audit and inspection reports that involved the following high risk areas:

<table>
<thead>
<tr>
<th>High Risk Area</th>
<th>Audit or Inspection</th>
</tr>
</thead>
<tbody>
<tr>
<td>INS</td>
<td>National Automated Immigration Lookout System II</td>
</tr>
<tr>
<td></td>
<td>Inspection</td>
</tr>
<tr>
<td>Asset Seizure/Forfeiture</td>
<td>USMS Maintenance &amp; Disposal of Seized Assets</td>
</tr>
<tr>
<td></td>
<td>Asset Forfeiture Annual Financial Statement FY 93</td>
</tr>
<tr>
<td></td>
<td>EOAF’s Consolidated Asset Tracking System</td>
</tr>
<tr>
<td></td>
<td>Audit, Audit, Inspection</td>
</tr>
<tr>
<td>U.S. Marshals Service</td>
<td>USMS Responsibilities Under the WITSEC Program</td>
</tr>
<tr>
<td></td>
<td>Audit</td>
</tr>
<tr>
<td>Monitoring U.S. Trustees</td>
<td>Collection of U.S. Trustees Chapter 11 Quarterly Fees</td>
</tr>
<tr>
<td></td>
<td>U.S. Trustee Summary Report for FY 93 Chapter 7 Audit Reports</td>
</tr>
<tr>
<td></td>
<td>Audit, Audit, Audit</td>
</tr>
<tr>
<td>ADP Security</td>
<td>Pre-Solicitation Activities for Acquisition of JCON</td>
</tr>
<tr>
<td></td>
<td>EOAF’s Consolidated Asset Tracking System</td>
</tr>
<tr>
<td></td>
<td>Audit, Inspection</td>
</tr>
<tr>
<td>Legal Process Debt Collection</td>
<td>BOP Inmate Financial Responsibility Program</td>
</tr>
<tr>
<td></td>
<td>Inspection</td>
</tr>
</tbody>
</table>
The Investigations Division

The Investigations Division investigates alleged violations of bribery, fraud, abuse and integrity laws that govern the Department of Justice and the operations it finances.
The Investigations Division investigates alleged violations of bribery, fraud, abuse and integrity laws that govern the Department of Justice and the operations it finances. The Division also develops cases for criminal prosecution and possible civil or administrative action. In some instances, the OIG refers allegations to bureaus within the Department and requests notification of the bureaus’ findings and of any disciplinary action taken.

- A drug smuggling investigation conducted by the OIG and Operation Alliance (a Federal multi-agency interdiction effort along the U.S. Mexican border) led to three arrests, the seizure of 309.5 kilograms of cocaine valued at more than $5 million, and the confiscation of $20,000 in bribe money. A fourth suspect escaped and is still at large. The investigation began when an INS automation clerk reported a bribe offered in exchange for helping smuggle aliens across the U.S. Mexican border. The clerk posed as a corrupt official and met with the conspirators, who wanted to smuggle drugs rather than aliens through the U.S. Port of Entry. All four defendants were indicted on charges of bribery and the importation and possession of cocaine. Trial is scheduled for Spring 1994.

- An OIG and FBI investigation led to the arrest and conviction of a BOP correctional officer who attempted to introduce cocaine into a U.S. Penitentiary. He pleaded guilty to possession with intent to distribute cocaine and was sentenced to one year in prison, three years probation, and 200 hours of community service.

- An INS immigration inspector and his wife were arrested for bribery and for possessing and facilitating the importation of marijuana from Canada into the United States. As part of the smuggling scheme, the inspector’s wife would arrange for the drugs to pass through her husband’s inspection point; the couple received cash and marijuana for their services. The inspector also used a law enforcement communications system to check license plate numbers to ensure that vehicles used in transporting drugs were not under suspicion; he was charged with illegal use of a law enforcement computer. The couple was released on bond, and INS immediately removed the immigration inspector from his position.

- An INS computer systems analyst pleaded guilty to computer fraud. An INS supervisor contacted the OIG about the analyst who had a poor leave record and was suspected of...
abusing sick leave. Consequently, when the analyst requested sick leave on three consecutive
days, he was ordered to submit a letter from his doctor certifying his illness and inability to
report for duty. While on sick leave, the analyst had participated in a 6-kilometer run with
other INS employees, so his sick leave was changed to absent without leave (AWOL), a
nonpay status. In retaliation, the analyst broke in to the timekeeper’s desk and damaged two
computer disks used to store time and attendance data transmitted to the National Finance
Center. He changed his pay record from AWOL to sick leave
and converted previously used annual leave to sick leave. After
his resignation, the analyst used a telephone modem to dial into
the local INS District Office’s Alien File Accountability
Control System, a computer data base program that tracks the
location of alien files within the district, and deleted all user
profiles.

- A Crime Stoppers Hotline referral to the OIG reported that a Honduran national was
selling “green cards” for $1,500 each (green cards are INS Alien Registration Receipt Cards).
The Honduran alleged that an INS supervisory special agent was providing the cards, but the
investigation proved that the allegation was untrue. Agents arrested the woman, who is being
prosecuted by Florida authorities.

- Agents captured two conspirators who had fled the United States to avoid prosecution on
charges of immigration fraud and false statements resulting from an OIG investigation. The
conspirators, who agreed to plead guilty and cooperate with the Government, admitted particip-
ating in a scheme to illegally sell INS documents to illegal aliens. Judicial action is pending.

- A DOJ contract employee working as a mail courier was arrested for credit card fraud.
The courier purchased $1,350 worth of gasoline for his personal vehicle with a Government
credit card issued to the DOJ motor pool. The card had been reported lost in August 1992.
The contractor fired the courier after he confessed to the crime. Sentencing is pending.

- An OIG and INS investigation led to the arrest of a civilian broker who paid $6,000 to
obtain INS benefits illegally for her clients. The broker, who was said to have an INS contact,
met with an undercover INS agent to process three aliens who accompanied her to the INS
office. The three aliens were also arrested. One of the alien clients had recruited aliens for
the broker and was charged with conspiracy. This alien is out on bail, and further judicial action
is pending. The other two aliens were released and directed to appear at INS, where they were
placed under deportation proceedings. The broker pleaded guilty and sentencing is pending.
A BOP correctional officer assigned to a Federal Medical Center pleaded guilty to introducing contraband into a Federal prison facility. The correctional officer had been bribed by inmates to smuggle syringes, chemicals for testing blood, needles, surgical gloves, etc., into the facility. Sentencing is pending.

An anonymous complaint made to the OIG led to the arrest of an INS inspector who unlawfully placed INS stamps in seven alien passports and hand entered INS alien file numbers in each passport. He was paid $2,950. The inspector then escorted several of the aliens with their passports to the Social Security Office and assisted them in filing their applications for Social Security cards. After the applications were filed, the inspector removed the page of the passport containing the false INS stamps in an effort to conceal his acts. The INS inspector resigned from his position in INS, pleaded guilty to extortion, was sentenced to five years probation, six months home confinement, 400 hours of community service, and ordered to pay a $5,000 fine.

An INS Border Patrol agent reported that he was offered a bribe to allow loads of marijuana into the United States. The agent, cooperating with the OIG, met with the trafficker, who was arrested after repeating the bribe offer (on tape). The defendant was indicted for bribery of a public official. Subsequent fingerprint records revealed that the trafficker was wanted by the Douglas, Arizona Police Department. He had fled prosecution from three 1989 state drug charges. Trial is pending.

An avionics manager with a company that does occasional work for DEA was attempting to sell some stolen DEA equipment: a Global Wulsberg transceiver and control unit with a voice privacy feature. The equipment was being offered for sale for $2,000. The original cost of the equipment to DEA was estimated to be $15,000. An OIG and DEA undercover operation led to the avionics manager’s arrest and prosecution for violations of theft and sale of Government property (the items were recovered). At the time of his arrest, the avionics manager also had a DES Box (voice scrambler) in his possession; the equipment was DEA property. The manager pleaded guilty to the sale of stolen Government property and received a sentence of three years probation, was fined $3,000, and was ordered to pay court fees.

A detained alien complained that an INS detention enforcement officer had taken his money. The OIG identified the officer and determined that he had stolen $882 from the alien and had stolen $842 from another alien. The detention enforcement officer was arrested and pleaded guilty to converting the property of another. He resigned from Government service and was sentenced to pay restitution of $1,724 to INS, and was placed on supervised probation for one year under the condition that he not seek employment with a Federal agency during his lifetime.
Significant Investigations

- A Border Patrol agent stole an INS hand-held radio with sensitive radio frequencies from a co-worker. The agent was charged with theft of property and the case is being prosecuted in the state judicial system. Trial is scheduled for Spring 1994.

- An Executive Office of Immigration Review administrative law clerk, suspected of stealing monies from co-workers and law judges, was filmed stealing money from the purse of one of the judges. She was prosecuted under California State Law for grand theft/petty theft and subsequently pleaded guilty and resigned her position. The clerk, who was in law school, was sentenced to 36 months probation, fined a total of $1,412, and is now ineligible to take the California State Bar Examination.

Extortion

- An INS inspector pleaded guilty to extortion. The inspector was arrested after a Chinese national arriving at a U.S. international airport was forced to turn over $1,700 in cash to the inspector. The alien had arrived seeking asylum and the inspector threatened the alien with deportation if he did not turn over his money and valuables. With the help of a Chinatown newspaper that reported extensively on the arrest of the inspector and requested that other victims come forward, OIG agents located and interviewed 20 Chinese aliens who had been extorted by the inspector. The inspector was indicted on seven counts of extortion. He was sentenced to one year in prison and two years supervised probation, and fined $3,000.

- An INS immigration inspector was convicted of bribery and falsifying statements. The inspector demanded money from four Pakistani nationals arriving in the United States in exchange for a promise that he would not have them detained or deported under immigration laws. He also falsified statements given by five Pakistani nationals to support false claims for political asylum. He knowingly included false statements in their affidavits saying they had committed murder because of political beliefs. He also accepted a $4,500 bribe for helping smuggle three Pakistanis into the United States. He was sentenced to serve 18 months in prison and three years probation, fined $15,000, and ordered to pay a $300 special assessment.

Embezzlement

- An INS supervisory deportation officer working at an INS processing center was arrested for embezzlement. Cash and postal money orders that had been submitted as bond by aliens were taken and the money orders were cashed. In addition, INS records pertaining to bond payments by aliens were altered. An audit of bond monies at the processing center
estimated that approximately $344,400 was missing. The deportation officer was indicted for embezzling $12,000. Sentencing is pending.

- An INS immigration inspector was charged with embezzling Government funds and making false statements. While working as a secretary with the U.S. Border Patrol, the inspector converted imprest funds to her own use and made false statements on requisitions for reimbursement. INS has suspended the inspector and a trial is pending.

**Cleared of Wrongdoing**

A United States marshal was accused of misappropriating ammunition, charging personal cellular telephone calls to the Government, abusing frequent flyer mileage awards resulting from official travel, and having an inappropriate relationship with prisoners involved in a high profile trial. An OIG investigation accounted for the missing ammunition by reconciling USMS inventory records, verified through telephone company records that personal calls were not charged to the Government, and — through review of airline records — found that the mileage awards were not converted to personal use by the marshal. It was further found that the marshal did not have a personal relationship with two defendants involved in a high profile trial and did nothing to compromise his custodial responsibilities.
## Investigations Statistics

### Hotline and Complaint Statistics

<table>
<thead>
<tr>
<th>Source of Allegations Received</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotline (Telephone and Mail)</td>
<td>550</td>
</tr>
<tr>
<td>Other Method</td>
<td>1,799</td>
</tr>
</tbody>
</table>

**TOTAL Allegations Received**: 2,349

### Disposition of Total Allegations Received

<table>
<thead>
<tr>
<th>Disposition</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary investigations in progress 03/31/94</td>
<td>133</td>
</tr>
<tr>
<td>Investigations initiated this period</td>
<td>209</td>
</tr>
<tr>
<td>Monitored referrals within DOJ</td>
<td>338</td>
</tr>
<tr>
<td>Mgmt. Issues within DOJ and outside DOJ</td>
<td>1,264</td>
</tr>
<tr>
<td>Those requiring no action</td>
<td>338</td>
</tr>
<tr>
<td>Pending classification</td>
<td>19</td>
</tr>
<tr>
<td>Consolidated with another allegation in a category above</td>
<td>48</td>
</tr>
</tbody>
</table>

**TOTAL**: 2,349
### Preliminary Investigative Caseload *

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Investigations carried forward as of 09/30/93</td>
<td>80</td>
</tr>
<tr>
<td>Net Adjustments</td>
<td>1</td>
</tr>
<tr>
<td>Preliminary Investigations opened this period</td>
<td>321</td>
</tr>
<tr>
<td>Preliminary Investigations closed this period</td>
<td>269</td>
</tr>
<tr>
<td>--- Reclassified to Full Investigations</td>
<td>76</td>
</tr>
<tr>
<td>--- Closed Consolidated</td>
<td>4</td>
</tr>
<tr>
<td>--- Closed Information</td>
<td>137</td>
</tr>
<tr>
<td>- Closed Management Referral</td>
<td>17</td>
</tr>
<tr>
<td>-- Closed Monitored Referred</td>
<td>35</td>
</tr>
<tr>
<td>TOTAL preliminary investigations in progress as of 03/31/94</td>
<td>133</td>
</tr>
</tbody>
</table>

*These investigations involve allegations that appear to have limited information upon which to proceed. A preliminary investigation is a precursory examination of the information provided to determine the best course of action.*

### Investigative Caseload

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigations carried forward as of 09/30/93</td>
<td>427</td>
</tr>
<tr>
<td>-- Adjustments</td>
<td>(2)</td>
</tr>
<tr>
<td>-- Investigations opened this period</td>
<td>254</td>
</tr>
<tr>
<td>-- Investigations closed this period</td>
<td>296</td>
</tr>
<tr>
<td>Total Investigations in progress as of 03/31/94</td>
<td>383</td>
</tr>
</tbody>
</table>
Investigations
Statistics

<table>
<thead>
<tr>
<th>Prosecutive Actions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigations referred for prosecution this period *</td>
<td>66</td>
</tr>
<tr>
<td>--- Investigations accepted</td>
<td>46</td>
</tr>
<tr>
<td>--- Prosecutions declined</td>
<td>41</td>
</tr>
<tr>
<td>--- Pending acceptance for prosecution</td>
<td>35</td>
</tr>
<tr>
<td>Criminal indictments/informations</td>
<td>32</td>
</tr>
<tr>
<td>Number of Arrests</td>
<td>53</td>
</tr>
<tr>
<td>Convictions/Pleas</td>
<td>39</td>
</tr>
</tbody>
</table>

* Many of these investigations have been in the prosecutorial arena for more than one reporting period.

OIG Monitored Referrals

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases carried forward as of 09/30/93</td>
<td>1,614</td>
</tr>
<tr>
<td>--- Cases opened this period</td>
<td>338</td>
</tr>
<tr>
<td>--- Cases closed or reclassified/consolidated</td>
<td>890</td>
</tr>
<tr>
<td>TOTAL cases in progress as of 03/31/94</td>
<td>1,062</td>
</tr>
</tbody>
</table>

Monetary Results

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fines/Restitutions/Recoveries</td>
<td>$81,506</td>
</tr>
<tr>
<td>Seizures</td>
<td>$62,765</td>
</tr>
</tbody>
</table>
The AG On-Line Program

The Attorney General established the AG On-Line program for DOJ employees to submit suggestions on how to improve the Department. The program supports Vice President Al Gore’s National Performance Review initiative to improve Government.

<table>
<thead>
<tr>
<th>Suggestions Received</th>
<th>Opinions Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>IG Hotline</td>
<td>IG Hotline</td>
</tr>
<tr>
<td>42</td>
<td>1,669</td>
</tr>
<tr>
<td>AG On-Line</td>
<td>AG On-Line</td>
</tr>
<tr>
<td>435</td>
<td>1,762</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>477</strong></td>
<td><strong>3,431</strong></td>
</tr>
<tr>
<td>Other Calls ¹</td>
<td>6,782</td>
</tr>
</tbody>
</table>

¹ These calls include information requests, calls referred to other Departments, additional information provided to existing complaints, wrong numbers, etc.

Specially trained OIG Hotline and AG On-Line operators received and processed suggestions and opinions from citizens throughout the country.

OIG operators handled more than 10,000 calls through the program.
The Inspections Division

Inspections are timely reviews that employ flexible methodologies and multidisciplinary approaches.
The Inspections Division conducts reviews of Departmental programs and activities; in addition, the Division provides the OIG with a diversified staff that can quickly review and analyze specific problems that potentially interfere with effective and efficient management. Inspections are timely reviews that employ flexible methodologies and multidisciplinary approaches. The findings and recommendations address existing procedures and suggest improvements relating to program operations and service delivery. Inspections provide timely information and analysis to senior managers, the administration, and the Congress about Department of Justice (DOJ) programs. Inspections are conducted in accordance with the standards issued by the President's Council on Integrity and Efficiency and with internal policies and guidelines issued by the OIG.

The Special Inquiry Section (SIS) conducts expedited reviews of serious complaints concerning noncriminal matters, such as mismanagement and wasteful spending. The SIS also responds to certain congressional inquiries as well as to requests from DOJ managers. The SIS works closely with the Investigations Division to identify complaints appropriate for SIS review.

INS National Automated Immigration Lookout System II

INS developed the National Automated Immigration Lookout System II (NAILS II) to support immigration inspectors examining applicants seeking admission into the United States. We found that immigration inspectors performing primary, or initial, inspections of travellers generally access the U.S. Customs Service's Treasury Enforcement Communications System II through the Interagency Border Inspection System (IBIS). OMB designated IBIS as the single computer system for all primary queries. Although most inspectors performing secondary, or more in-depth, inspections use NAILS II, much of the information in that system is available in the Treasury Enforcement Communications System II, and the remainder could be added to it. Further, nearly half of the INS-created lookout records were not in the NAILS II database because inspectors had by-passed NAILS II and created lookouts directly in the Treasury Enforcement Communications System II.

We also found specific weaknesses in management controls that must be addressed before NAILS II can be used effectively. The effectiveness of NAILS II for verifying admissibility depends, to a great extent, on the input of accurate and complete lookout information. We found incomplete and inaccurate lookout records were increasing the risk of missed identifications or incorrect identifications at ports-of-entry. Further,
Significant Inspections

inspectors were not always timely in entering lookout records into NAILS II on deported individuals. This reduced the chances for apprehending deportees reentering the United States.

Based on the overall deficiencies found in NAILS II, and the alternative methods available for maintaining the same data, we believe that INS should assess the usefulness of and need for NAILS II. We recommended that INS correct system deficiencies if they decide to continue using the system.

Ammunition Purchases by DOJ Bureaus

The Department of Justice spent about $5.3 million on ammunition during FY 1992. We found that the bureaus adequately estimated their ammunition requirements. However, some bureaus could have realized savings by purchasing ammunition available under current contracts rather than on the open market. In some cases, field offices were unaware that ammunition was available from current contractors. The Federal Bureau of Investigation (FBI) and the Immigration and Naturalization Service (INS) issue multi-year contracts for the procurement of ammunition, but only the FBI allows the other bureaus to order from their contracts.

By allowing the other bureaus to place orders against the FBI and INS contracts, the Department is also assured that rigid ammunition quality standards are met.

We noted that the bureaus could work together on future acquisitions of ammunition to achieve savings Department-wide. We encouraged INS to open its contracts for use by other bureaus, and for the FBI and INS to consider aggregate amounts of common ammunition used by the other bureaus during contract negotiations. Allowing the other bureaus to place orders against the FBI and INS contracts will ensure that rigid ammunition quality standards are met, as both the INS and FBI conduct firing tests of the ammunition before awarding contracts.

EOAF Consolidated Asset Tracking System

Asset seizure and forfeiture continues to be a high-risk area in the Department of Justice. To provide better management over seized assets, the Executive Office for Asset Forfeiture (EOAF) is creating the Consolidated Asset Tracking System (CATS). CATS is a single, integrated asset forfeiture information system that all DOJ components and other Federal agencies will use to track seized assets—from seizure through forfeiture to disposal.

EOAF has addressed approximately 700 initial concerns raised by the participating law enforcement agencies.
We found that EOAF has addressed approximately 700 initial concerns raised by the participating law enforcement agencies about the Proposed Physical Model developed for CATS and has made considerable progress in implementing the system. However, there has been a 22-month slippage in the system’s scheduled activation date, and it is projected that CATS will exceed the original estimated cost by $32.5 million. Both the delay and projected costs increase were generally beyond the control of EOAF. Delays are attributable to a change in contractors and additional user-identified system requirements. Cost increases are attributable to the expanded system requirements and implementation of a telecommunications network.

We found that EOAF had addressed most of the system security requirements contained in Department Order 2640.2C., *Telecommunications and Automated Information Systems Security*, and had included the remaining requirements in future implementation plans. However, EOAF and the Computer and Telecommunications Security Staff had not reached an agreement on the sensitivity classification for CATS. We recommended to management that this issue be resolved expeditiously to preclude additional delays in the CATS implementation.

**Alien Fingerprint Requirements in INS**

The Immigration and Naturalization Service (INS) paid the FBI $14.7 million for 866,313 applicant fingerprint checks during FY 1993. Our inspection reviewed the necessity and effectiveness of conducting fingerprint checks on applicants for naturalization, permanent residency, and other benefits.

INS does not provide fingerprinting services, and the applicants must obtain the service from private sources. We found that INS has not established effective controls to prevent individuals from submitting false prints.

We found INS examiners were approving applications without always checking whether applicants had arrest records. In one district office, 78 percent of the alien files reviewed lacked the FBI arrest reports, and there was no evidence that these reports were in the files at the time the applications were granted, denied, or withdrawn.

Overall, our review found arrest records identified from fingerprint checks have an effect on the final adjudication of an application for INS benefits. We concluded that these checks are a necessary step in the application process.

We found that INS has not established effective controls to prevent individuals from submitting false prints.
Management of Imprest Funds in DEA

This inspection showed that the Drug Enforcement Administration (DEA) operated its 28 domestic imprest funds in accordance with Federal laws and regulations. However, we believe that greater use of alternative methods of payment for travel advances, small purchases, and local travel vouchers would reduce imprest fund cash balances. Use of imprest funds will still be required in instances where maintaining anonymity is necessary.

We found that cost savings could be achieved if all DEA offices made better use of the Government Travel Charge Card with the Automated Teller Machine (GTCC/ATM) option, the VISA International Merchant Purchase Authorization Card, and the Third Party Draft Payment System. We determined that DEA could have saved about $300,000 in FY 1992 by using GTCC/ATMs in lieu of travel advances.

We found that DEA policies and procedures governing imprest funds were adequate to ensure that the funds were protected. Instructions for designating cashiers, establishing fund amounts, and maintaining security of the funds had been established.

USMS Handling of Misconduct Allegations

This inspection verified that the United States Marshals Service (USMS), Office of Inspections (OI), has established an effective and efficient program for investigating employee misconduct. We found that the OI opened cases in a timely manner, completed investigations promptly, and documented case files appropriately. In addition, USMS management had taken actions to eliminate a backlog of investigative cases and had initiated proactive programs to enhance OI office operations and the USMS' Integrity Program.

We found that USMS employees were prompt in referring allegations of misconduct to OI officials, who reported this information to either the Office of the Inspector General (OIG) or to the Department of Justice's Office of Professional Responsibility (OPR), as appropriate. Both OPR officials and OIG investigators were generally complimentary of the program and confirmed that the OI handled allegations and complaints in a timely and thorough manner.

BOP Inmate Financial Responsibility Program

The Bureau of Prisons (BOP) deserves credit for developing the Inmate Financial Responsibility Program (IFRP), which allows Federal prisoners to satisfy their court-ordered financial obligations while in prison. The IFRP helps the Department in its debt collection efforts, which is a high risk area. We found the IFRP is a useful means of collecting court-ordered financial obligations from incarcerated inmates. However, we concluded that more intensive
efforts may increase collections from inmate commissary accounts from approximately $2.5 million annually to more than $5 million.

Specifically, we found that BOP could have possibly collected an additional $1 million of court-ordered financial obligations had they ensured that amounts—mutually agreed-upon by the BOP and inmates—were deducted from inmate commissary accounts. Similarly, BOP could have collected an additional $2 million if the IFRP staff had coordinated with probation officers to identify inmates who could participate in the program.

**Internal Controls over Extended Leave Without Pay in DOJ**

**Extended Leave Without Pay (LWOP)** is a temporary nonpay status of more than 30 consecutive days and can only be granted upon an employee’s request. We found that extended LWOP did not significantly impair the Department’s overall operations. Only 1,145 DOJ employees were in an extended LWOP status during calendar year 1992, as compared to over 70,000 employees on the active payroll (excluding the FBI, which was not included in our inspection). In our sample of 256 employees on extended LWOP, we found that only eight individuals had been erroneously authorized pay while in a LWOP status, which totalled about $4,100. This information was furnished to the Justice Management Division (JMD) for recoupment or resolution.

Although JMD has sufficient policy guidance for the granting of LWOP and the administration of the LWOP program, we found that personnel actions required to place individuals in an extended LWOP status were not always completed and that some supervisors and timekeepers were unaware of the DOJ policy.

The immediate overall effect of these weaknesses is limited. However, use of LWOP is anticipated to increase because of the recent Family and Medical Leave Act and, if the weaknesses remain uncorrected, there will be a greater potential for error in the LWOP program.

**DEA Marine Program**

The Drug Enforcement Administration (DEA) uses Government-owned vessels—usually obtained through the seizure and forfeiture process—to support undercover, surveillance, and intelligence activities. At the time of our inspection, there were 16 active vessels in the fleet valued at approximately $1.5 million. Funding for the program during FY's 1991 - 1993 totalled about $830,000.

We found that using these vessels is an innovative and effective law enforcement tool. Based
on our review, the vessels at the five sites we visited played an important role in 90 arrests, the seizure of $3 million in cash and property, and the confiscation of approximately 1,080 kilograms of cocaine and 14 kilograms of heroin.

Our inspection revealed several administrative weaknesses in the areas of property management, vessel maintenance, and vessel mission reports. In addition, DEA was using Asset Forfeiture Fund money for retrofitting vessels 2 to 7 years after putting them in service, which is inconsistent with the Attorney General’s Guidelines on Seized and Forfeited Property.

**FPI Contract Closeout and Related Contract Administration Activities**

Our inspection disclosed that the Federal Prison Industries (FPI) contracting officers had not performed contract closeout and related contract administration activities, as required by the Federal Acquisition Regulations. Based on the 14 contracts reviewed, contractors had completed deliveries in 11 of the 14 contracts, but the contracting officers had not initiated administrative closeout activities for these contracts. Contracting Officers’ Technical Representatives also needed to assume full responsibility for managing and controlling the FPI contracts. In addition, we found that FPI did not include a liquidated damages clause in solicitations and contracts when delivery dates were essential to the FPI’s production schedule, and that FPI Product Divisions established tight delivery schedules in solicitations and contracts that may have restricted competition and resulted in higher contract prices.

**Special Inquiry Section (SIS)**

Among the special inquiries completed during this reporting period are the following:

- An OIG Hotline caller alleged that the Department had failed to rule on the appeal of a disciplinary action taken against a senior manager accused of sexual harassment. We found that the DOJ had rendered a final decision on the appeal but that the DOJ component needed to take additional action to complete the matter, which it has now done.

- A newspaper article expressed concern about INS’ use of tranquilizers and antipsychotic drugs to control difficult, violent, or stubborn deportees. In response, the SIS reviewed INS policies and procedures pertaining to the medication of deportees. The review found appropriate policies and procedures in place and no indication that INS was not following them.
### Inspections Workload Accomplishments

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</thead>
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</tr>
<tr>
<td>Inspections initiated</td>
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</tr>
<tr>
<td>Final reports issued</td>
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</tr>
<tr>
<td>Inspections cancelled*</td>
<td>1</td>
</tr>
<tr>
<td>Inspections active at end of reporting period</td>
<td>11</td>
</tr>
</tbody>
</table>

* The inspection was cancelled because the program was undergoing significant policy, organizational, and procedural changes and a review during this time of transition would have been premature.

### SIS Workload

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</tr>
<tr>
<td>--Special inquiries opened this period</td>
<td>13</td>
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<tr>
<td>--Special inquiries closed this period</td>
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<tr>
<td>TOTAL special inquiries in progress as of 03/31/94</td>
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### Disposition of Complaints Referred to the SIS

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</tr>
</thead>
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</tr>
<tr>
<td>Consolidated into ongoing special inquiry</td>
<td>3</td>
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<tr>
<td>Returned to the Investigations Division for referral to a DOJ component or other action</td>
<td>19</td>
</tr>
<tr>
<td>Referred to the Audit Division</td>
<td>3</td>
</tr>
<tr>
<td>Retained for the FY 1995 Audit/Inspections planning process</td>
<td>1</td>
</tr>
<tr>
<td>Referred for inclusion in an ongoing or planned inspection</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
</tr>
</tbody>
</table>
The Audit Division

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

Audits are performed in three general categories: Internal, Trustee, and External. Internal audits address the programs and activities of the Department. Trustee audits, performed under a reimbursable agreement with the Executive Office for U.S. Trustees, examine the internal controls and cash management practices of panel and standing trustees nationwide. External audit work includes the review and coordination of audits of State and local governments and nonprofit organizations for which the Department has cognizance under the provisions of the Single Audit Act of 1984 and OMB Circulars A-128 and A-133. The Audit Division also performs audits of grants and contracts. In addition, the Audit Division assists the Investigations Division in complex fraud cases.

USMS Maintenance and Disposal of Seized Assets

The Office of Management and Budget and the Department have identified asset seizure and forfeiture activities as high risk areas. The United States Marshals Service (USMS) is responsible for day-to-day maintenance, protection, and disposal of properties seized and forfeited in the Department's asset forfeiture program. Numerous prior audits and reviews have disclosed significant weaknesses in the seized assets program.

When we began the audit, the inventory of seized assets was valued at about $1.8 billion. The audit disclosed that the USMS did not expeditiously dispose of forfeited assets in its possession. The inventory contained significant amounts of property forfeited as long ago as 1984. As a result, the Government incurred interest expenses estimated at more than $18 million over a 9-year period. The USMS did not exercise due care in reviewing the performance of service providers. Assets were allowed to deteriorate, contractors and other vendors failed to perform as required, and overcharges of $140,000 were paid.

In addition, in a prior OIG audit, the Deputy Attorney General ordered that large seized aircraft be stored at the USMS hangar in Oklahoma City, Oklahoma. The USMS did not implement the order and consequently incurred storage costs of more than $322,000 for seized aircraft that were not stored in Oklahoma City; some of these costs could have been avoided.

Numerous prior audits and reviews have disclosed significant weaknesses in the seized assets program.
Significant Audits

The USMS agreed on our recommendations for corrective actions but raised the issue of the use of the Oklahoma City hangar to the Deputy Attorney General. The Deputy Attorney General’s decision was withheld pending completion of a cost analysis.

**Collection of U.S. Trustee Chapter 11 Quarterly Fees**

The Bankruptcy Judges, United States Trustees, and the Family Farmer Bankruptcy Act of 1986 require that, in addition to the filing fees paid to the Clerk of the Bankruptcy Court, every open case under Chapter 11 must pay quarterly fees to the U.S. Trustee (UST) Program. Our audit disclosed that the U.S. Trustee Program has collected over $209 million in Chapter 11 Quarterly Fees. This amount accounts for more than 40 percent of all U.S. Trustee Program revenues.

As mandated by law, the UST Program has transferred more than $15 million in surplus Chapter 11 quarterly fees and $30 million in total fees since FY 1990 to the U.S. Treasury general fund. These transferred funds benefited neither the Chapter 11 bankruptcy estates nor the UST Program’s administration of Chapter 11 cases. Executive Office for U.S. Trustees’ officials felt these funds could have been better used to fund additional resources for the Chapter 11 program.

Our audit also noted several Chapter 11 quarterly fees improvements that could be made. Specifically, better accounting systems would lead to accurate information, which is necessary for directing billing and collection efforts. In addition, Chapter 11 billing information needs to be maintained in a format compatible with the UST Program’s case management system. Compatible formats could save the UST Program the more than $75,000 expended for duplicate data entry. We also advised the UST Program that a minimum of $132,850 in quarterly fees for 449 new cases were not pursued timely because the case information was not entered into the billing system.

**JMD’s Presolicitation Activities for Acquisition of JCON**

The Justice Consolidated Office Network (JCON) is a large office automation system initiative that will combine and replace several existing Departmental information systems. We performed the audit in the presolicitation phase to address areas of improvement early in the contracting process. In the opinion of the Contracting Officer, because the audit concerned certain aspects of the pre-award phase of the JCON acquisition, it may have contained procurement sensitive information. Distribution of the report was therefore limited to the Contracting Officer.
USMS' Responsibilities Under Witness Security Program

The Witness Security (WITSEC) Program protects Federal witnesses and their families who could be subject to harm as a result of their testimony in cases involving organized crime and racketeering, drug trafficking offenses described in Title 21, United States Code, and other serious Federal or State felony cases.

Our audit is classified Secret and only unclassified information is provided here. The audit revealed that the USMS' internal control structure was not adequate in the following areas: obligations, support and classification of expenditures for safesites; procurement; and contract administration. As a result, the USMS was in violation of the Anti-Deficiency Act in FY 1986 by $800,000 and overpaid a construction contractor by $598,815.

The USMS concurred with us that the statute of limitations has expired regarding criminal violations of the Anti-Deficiency Act, but will send the appropriate notifications to the necessary congressional oversight committees and the Office of Management and Budget setting forth the circumstances of the violation.

The audit also revealed that, between FY 1989 and FY 1991, the USMS paid more than $4 million to several vendors without formal contracts. Services were obtained from these vendors without regard to established procurement procedures. Moreover, the WITSEC Division entered into procurement agreements without authority.

FBI's Motor Vehicle Fleet Management Program

The FBI has a domestic fleet of approximately 10,000 vehicles. Our audit concentrated on the 7,600 vehicles that were not used for undercover or covert operations. Overall, the audit noted that the FBI needs to place greater emphasis on internal controls and conformance with practices that promote more efficient and economical use of its vehicle resources. Our review of the motor vehicle operations at Headquarters and selected field offices disclosed that the FBI:

- Must discontinue the practice of using vehicles placed in pending sale status;
- Must ensure that vehicles receive proper and/or timely preventative maintenance; and
- Must strengthen internal controls over automotive parts, equipment and supplies, oil company credit cards, and vehicle license plates.
In addition, our review noted that the FBI was not always documenting all home-to-work use of vehicles; was exceeding, on a regular basis, the number of vehicles authorized to be taken home; and was not performing the required semiannual reviews of home-to-work use.

During this period, the OIG completed three Federal Prison Industries audits covering the operations and financial activities at Fairton, New Jersey; Lexington, Kentucky; and El Reno, Oklahoma. We made recommendations that funds be put to better use in the amount of $432,312 and found questioned costs of $295,702. FPI management agreed with all recommendations in the three audit reports.

**Chief Financial Officers Act of 1990**

Financial statement audits are performed at the Department by independent public accountants, with oversight by the Audit Division. During this semiannual period, the first financial statement audit of the Community Relations Service (CRS) was completed, with the auditors issuing an unqualified opinion on the Statement of Financial Position, but disclaiming an opinion on the results of operations and changes in net position, cash flows and budget and actual expenses. In an effort to meet the Office of Management and Budget’s accelerated deadlines, audits of the Federal Prison Industries, Inc. and Asset Forfeiture Program were completed and issued by March 1. Audits of the Working Capital Fund and Bureau of Prisons Commissary Trust Fund were also issued in this semiannual period. All of the audits issued, except for CRS, contained unqualified opinions.

**Trustee Audits**

The Audit Division has contributed significantly to the integrity of the bankruptcy system by performing financial audits of trustees under a reimbursable agreement with the Executive Office for United States Trustees (EOUST). During the reporting period, we issued 252 trustee reports.

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

External Audits

The Single Audit Act of 1984 and OMB Circulars A-128 and A-133 require recipients of Federal funds to arrange for an audit of their activities. During this period, we reviewed and transmitted 147 reports encompassing 775 Department contracts, grants and other agreements totaling $297,030,119. These audits report on financial activities, compliance with applicable laws and, in many cases, the adequacy of recipients’ internal controls over Federal expenditures. We review reports on organizations over which the Department is cognizant or which have a preponderance of Departmental funds to ensure they comply with generally accepted Government auditing standards. In certain circumstances, the Office of the Inspector General performs audits of State and local governments, nonprofit organizations, and Departmental contracts.

Management Information Memoranda

During this period, we issued three Management Information Memoranda (MIMs). We use MIMs to bring exigent issues to management’s attention while our audit work is still ongoing.

- Drug Enforcement Administration regarding disclosure of sensitive aircraft information.

- Executive Office for U.S. Trustees regarding payment of fees to a panel trustee.

- Federal Prison Industries, Inc. regarding FPI contract administration.

Audit Follow-Up Activities

OMB Circular A-50, “Audit Followup,” requires audit reports to be resolved within 6 months of the audit report issuance date. Open audit reports are continuously monitored to track the audit resolution and closure process. As of March 31, 1994, the OIG closed 444 audit reports and was monitoring the resolution process of 123 open audit reports. Of this latter number, three audit reports were over 6 months old and in disagreement as discussed on the following page.
Audits in Disagreement

Information Systems and Network Corporation

The audit of the Information Systems and Network Corporation (ISN), conducted by the Defense Contract Audit Agency, found that ISN had paid excessive and unreasonable compensation to two top executives. The audit remains unresolved and was reported as such in previous Semiannual Reports to the Congress. The audit report is subject to the Department of Defense (DOD) resolution process. The DOD is considering litigation to recover funds from the contractor. The DOD will advise all Federal entities involved as soon as a determination is made on whether to litigate. At that time, DOJ officials can take appropriate action to resolve the report.

Use of Equitable Shares by Cherokee County, Ga., Sheriff's Department

An audit of the use of equitable sharing funds at the Cherokee County, Georgia, Sheriff's Department found numerous deficiencies in internal controls over equitable sharing applications, receipts, and expenditures. As of March 31, 1994, the Executive Office for Asset Forfeiture (EOAF) had not provided a written response to the audit. [Editor's note: Subsequent to the end of this semiannual reporting period, a written response was received from the EOAF which should resolve the audit's recommendations.]

National Institute Against Prejudice and Violence, Inc.

An audit of the National Institute Against Prejudice and Violence, Inc. (NIAPV) found that operations of NIAPV did not require a sufficient number of people in the accounting function to allow segregation of all incompatible duties and functions. In addition, the audit found unexplainable balances on the trial balance and general ledger detail of NIAPV, causing such reports to be out of balance. The audit remains unresolved pending submission of an acceptable corrective action plan by the auditee.

Technical Assistance Activities

The Audit Division continually provides technical assistance to various Department components. Examples of technical assistance activities include the following:

While conducting an audit, we discovered a potential breach of security concerning the identification of covert equipment and promptly notified the affected component. The component took immediate action to correct the potential breach and to prevent a recurrence.

In response to the Attorney General's interest in the Asset Forfeiture Program, the Executive Office for Asset Forfeiture asked us to use our Chief Financial Officer Certified Public Accountants (CPA) to assist in a review of the equitable sharing program. The CPA's contract is being modified to accommodate this additional work and provide any necessary technical assistance.

During this period, we also assisted the Federal Prison Industries, Inc. in reviewing their cost...
accounting system; a Bureau of Prisons contracting supervisor regarding a proposal for detention services; and the Environment and Natural Resources Division in reviewing their internal requirements for keeping detailed time records of attorney's activities.

**Update on Prior Period Report**

Our audit entitled *Immigration Services and Special Benefits for Which Fees Have Not Been Established* disclosed that additional fees should be established and that inconsistencies exist in the INS fee structure for some services. The INS took the following measures during this reporting period to establish proper fees:

- Established a User Fee Subgroup tasked with identifying areas at land border ports where fees can be established. To date, a proposed regulation to charge fees for six specific services provided at land border ports-of-entry will increase annual revenues by about $20 million. The subgroup is continuing its efforts to identify areas for which additional fees should be established.

- Drafted a legislative proposal to remove the existing inspection fee exemption on cruise ships arriving from certain areas. This should generate an additional revenue of about $28 million annually.

- Established a Border Toll Working Group to develop an implementation strategy for vehicle and pedestrian inspection fees at land border ports of entry. This should generate millions of dollars in additional revenue.
## Enhanced Revenues

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<th>Audit Reports</th>
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<th>Enhanced Revenues</th>
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<tr>
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<td>$170,200,000</td>
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<tr>
<td>Issued during period</td>
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<td>0</td>
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<tr>
<td>Needing management decision during period</td>
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<td>$170,200,000</td>
</tr>
<tr>
<td>Management decisions made during period:</td>
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<td></td>
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<tr>
<td>Amounts management agreed with</td>
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<td>$170,200,000</td>
</tr>
<tr>
<td>No management decision at end of period</td>
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## Funds Recommended to be Put to Better Use

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<td>$29,015,471</td>
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<td>$22,995</td>
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### Audits With Questioned Costs

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<th>Unsupported Costs</th>
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### Audits Involving Recommendations for Management Improvements

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<th>Number of Audit Reports</th>
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<td>133</td>
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</table>

* The number of reports is higher since management has taken different types of action on a single report.
Appendix 1

Final Inspection Reports Issued
October 1, 1993 through March 31, 1994

Alien Fingerprint Requirements in the Immigration and Naturalization Service

Bureau of Prisons Inmate Financial Responsibility Program

United States Marshals Service's Office of Inspections' Program for Handling Allegations of Misconduct

Internal Controls over Extended Leave Without Pay in the Department of Justice

Management of Imprest Funds in the Drug Enforcement Administration

Executive Office for Asset Forfeiture's Consolidated Asset Tracking System

Drug Enforcement Administration Marine Program

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

Immigration and Naturalization Service National Automated Immigration Lookout System II

Ammunition Purchases by Department of Justice Bureaus

Restrictions on Lobbying Within the Department of Justice

Federal Prison Industries Contract Closeout and Related Contract Administration Activities
INTERNAL AND EXTERNAL AUDIT REPORTS

United States Marshals Service Maintenance and Disposal of Seized Assets 1/

Working Capital Fund Annual Financial Statement for Fiscal Year 1992


Cogefar-Impresit USA, Inc. 2/

Collection of United States Trustees Chapter 11 Quarterly Fees 3/


United States Trustee Summary Report for Fiscal Year 1993

Louis Berger and Associates, Inc.

The Federal Bureau of Investigation's Motor Vehicle Fleet Management Program

The Use of Equitable Sharing Funds by the Eagle Pass, Texas Police Department 5/

H.J. Kaufman and Associates

Asset Forfeiture Program Annual Financial Statement for Fiscal Year 1993

The Justice Management Division's Presolicitation Activities for the Acquisition of the Justice Consolidated Office Network

Bureau of Prisons Commissary Fund Annual Financial Statement for Fiscal Year 1993

Salvation Army, Southern Territory Headquarters 6/

1/ Total Questioned Costs - $391,025
   Funds Put To Better Use - $18,628,854
2/ Total Questioned Costs - $2,104,564
3/ Funds Put To Better Use - $30,075,000
4/ Funds Put To Better Use - $74,513
5/ Total Questioned Costs - $24,469
6/ Total Questioned Costs - $1,384,660
Federal Prison Industries Annual Financial Statement for Fiscal Year 1993

Procurement Activities in the Justice Management Division

Dismas House of Kansas City 7/

Working Capital Fund Annual Financial Statement for Fiscal Year 1993


The Use of Equitable Sharing Funds by the Lincoln, Illinois Police Department

Administrative Controls Over Organized Crime Drug Enforcement Task Force Operations in the Tax Division 9/

R & R Uniforms, Inc.


Rubino and McGeehin, Chartered CPAs 11/

United States Marshals Service's Responsibilities Under the Witness Security Program 12/

Retrieval Systems Corporation 13/

Berlitz Translation Services

Community Relations Service Annual Financial Statement for Fiscal Year 1992

International Educational Services, Inc. 14/

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7/  Total Questioned Costs - $165,866
      Unsupported Costs - $42,818

8/  Total Questioned Costs - $295,702
      Funds Put To Better Use - $246,559

9/  Total Questioned Costs - $191,068

10/  Funds Put To Better Use - $111,240

11/  Total Questioned Costs - $105,077

12/  Total Questioned Costs - $610,815
      Unsupported Costs - $610,815

13/  Total Questioned Costs - $12,887

14/  Total Questioned Costs - $13,232
      Unsupported Costs - $13,232
      Funds Put To Better Use - $22,995
TRUSTEE REPORTS

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

Chapter 7 Audit of Panel Trustee
Lewis Winston Lee
Chapter 7 Audit of Panel Trustee
Jeffrey R. Dollinger
Chapter 7 Audit of Panel Trustee
Eileen S. Bailey
Chapter 7 Audit of Panel Trustee
Robert G. Nichols, Jr.
Chapter 7 Audit of Panel Trustee
Stephen L. Jackson
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Frank M. Youngblood, Sr.
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William M. Flautau
Chapter 7 Audit of Panel Trustee
Stephani S. Carr
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Martha A. Miller
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Alexander B. Gates
Chapter 7 Audit of Panel Trustee
Joel L. Tabas
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Susan K. Woodard
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C. Brooks Thurmond, III
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David S. Rogers
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James R. Marshall
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Dennis M. Hall
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Derek A. Henderson
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Robert C. Furr
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Gui L.P. Guyaert

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Kyle R. Weems
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David W. Cranshaw
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Harry L. Mathison, Jr.
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Alan C. Stout
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Lucy DiBraccio
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J.C. Bell
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John P. Newton, Jr.
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Margaret B. Fugate
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Mark T. Miller
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Charles A. Gower
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Skip H. Klauber
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Casil Williams
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Paul J. Fitzsimmons
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Larry S. Eide
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David W. Kuhn
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Chapter 7 Audit of Panel Trustee
Douglas M. Henry
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Alaine V. DiSipio
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Phillip D. Armstrong
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R. Kimball Mosier
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Keith L. Phillips
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Benjamin Novak
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H. Lee Addison, III
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Dean W. Sword, Jr.
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Alexander Gordon, IV
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Jo Widener
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Issac Nutovic
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William B. Sullivan
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Nancy L. James
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1/ Total Questioned Costs - $50,000
Audit of the Arkansas Department of Human Services

Audit of Harris County, Texas

Audit of the City and County of Denver, Colorado

Audit of the Cherokee Nation, Oklahoma

Audit of the State of Utah

Audit of the City of Pueblo, Colorado

Audit of the City of Colorado Springs, Colorado

Audit of the City of Arlington, Texas

Audit of the State of North Dakota

Audit of the State of Oklahoma

Audit of the City of Tyler, Texas

Audit of the Boys and Girls Clubs of America

Audit of the National Association of Town Watch

Audit of the Police Foundation

Audit of Abt Associates, Inc.

Audit of the Council of BBB Foundation

Audit of H.M.S. Rose Foundation, Inc.

Audit of the National Center for State Courts

Audit of the Jefferson Institute

Audit of the Center for Effective Public Policy

Audit of the Concerns of Police Survivors

Audit of the Council for Better Business Bureau Foundation

Audit of the National Office for Social Responsibility

Audit of the National Criminal Justice Association

Audit of the Bureau of Rehabilitation, Inc.

Audit of the Consortium of University of DC Metro Area

Audit of the American Correctional Association

Audit of the Concerns of Police Survivors

Audit of the Crime Control Institute

Audit of the Institute for Social Analysis

Audit of the Justice Research and Statistics Association, Inc.

Audit of the Aspen Systems Corporation

Audit of the National Council of Agricultural Employers

Audit of the National Rehabilitation Hospital

Audit of Phi Alpha Delta Public Service Center

Audit of National Association of Criminal Justice Planners

Audit of the D.C. Public Safety Cluster

Audit of the Research Foundation, State of University of New York

Audit of the Temple University

Audit of Johns Hopkins University

Audit of American Statistical Association

Audit of International Association of Chiefs of Police

Audit of the University of Maryland System

Audit of Baltimore County, Maryland

Audit of the City of Philadelphia, Pennsylvania

Audit of the Commonwealth of Pennsylvania

Audit of the City of Boston, Massachusetts

Audit of the Commonwealth of Virginia

Audit of the City of Newport News, Virginia

Audit of the Commonwealth of Massachusetts

Audit of the County of Nassau, New York

Audit of Arlington County, Virginia

3/ Total Questioned Costs - $763

4/ Total Questioned Costs - $511

5/ Total Questioned Costs - $15,964

Unsupported Costs - $4,400

1/ Total Questioned Costs - $1,772

2/ Total Questioned Costs - $3,845
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<thead>
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<th>Title</th>
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<tr>
<td>Audit of the City of Baltimore, Maryland</td>
<td>TOP-20-94-010</td>
<td>Audit of the Commonwealth of Northern Mariana Islands</td>
<td>TOP-90-94-008</td>
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<td>TOP-20-94-011</td>
<td>Audit of the State of California 1/</td>
<td>TOP-90-94-009</td>
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<td>Audit of the City of Norfolk, Virginia</td>
<td>TOP-20-94-012</td>
<td>Audit of the State of Idaho, Office of the Governor</td>
<td>TOP-90-94-010</td>
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<td>Audit of the City of San Jose, California</td>
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<td>Audit of Leviticus Project Association, Inc.</td>
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<td>Audit of the Salt River Pima-Maricopa Indian Community</td>
<td>TOP-90-94-013</td>
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<td>Audit of the County of Del Norte, California</td>
<td>TOP-90-94-014</td>
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<td>Audit of the Spiritual Dimension in Victim Services</td>
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<td>Audit of Pima County, Arizona</td>
<td>TOP-90-94-015</td>
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<td>Audit of the Makah Tribal Council</td>
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<td>Audit of the City of Monterey Park, California</td>
<td>TOP-90-94-020</td>
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<tr>
<td>Audit of the Hawaii Department of Attorney General</td>
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<td>Audit of the County of Santa Cruz, California</td>
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<td>Audit of the City of Baldwin Park, California</td>
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<td>TOP-90-94-002</td>
<td>Audit of Benton County, Washington</td>
<td>TOP-90-94-023</td>
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<td>Audit of Washington County, Oregon</td>
<td>TOP-90-94-024</td>
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<td>Audit of the County of Sacramento, California</td>
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<td>Audit of Marion County, Oregon</td>
<td>TOP-90-94-026</td>
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<td>Audit of the Republic of Palau</td>
<td>TOP-90-94-006</td>
<td>Audit of the Federated States of Micronesia</td>
<td>TOP-90-94-027</td>
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<td>Audit of the Hopi Tribe</td>
<td>TOP-90-94-007</td>
<td>Audit of the Rocky Mountain Information Network</td>
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1/ Total Questioned Costs - $435,000
GLOSSARY OF TERMS

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

A-Files: INS alien history files containing all data and documentation pertaining to an individual. Also referred to as alien files.

Adverse Action: Personnel Office action of record, considered to be unfavorable to an employee and a form of discipline. Penalty is more severe than a letter of caution.

Attorney General’s Equitable Sharing Program: A program designed to circulate drug-related proceeds back into the law enforcement agencies that play a role in their seizure.

Civil Findings: Attempts made to recover for the Government any monetary losses sustained or any damages it is entitled to collect under law.

Default Termination: The Government terminates a contract based upon a contractor’s default. The contractor fails to meet material terms of the contract and, despite notice and an opportunity to correct the problem areas, they never satisfactorily do, so the Government cancels the contract in a punitive manner -- default. Under a default termination, the contractor has no rights to claims or profit. In addition, in a construction contract, the contractor’s bonding company must then either find a new contractor or complete the job themselves at the original contract price.

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

Final Action: (a) The completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit; and (b) in the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made.

Fines: Sums imposed as a penalty for certain acts or omissions that violate a law.

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

Indictment: Charge by a Grand Jury that an accused party violated a criminal law.
OIG Monitored

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.

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

Preliminary Investigations: Inquiry of limited scope undertaken to verify whether or not an allegation merits further inquiry as a full investigation.

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

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

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

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

Unsupported Cost: Cost that is questioned by the Office because the Office found that, at the time of the audit, such cost is not supported by adequate documentation.
The Inspector General Act of 1978, as amended (1988), specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

<table>
<thead>
<tr>
<th>IG Act References</th>
<th>Reporting Requirement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 4(a)(2)</td>
<td>Review of Legislation and Regulations</td>
<td>3</td>
</tr>
<tr>
<td>Section 5(a)(1)</td>
<td>Significant Problems, Abuses and Deficiencies</td>
<td>5-31</td>
</tr>
<tr>
<td>Section 5(a)(2)</td>
<td>Significant Recommendations for Corrective Action</td>
<td>5-31</td>
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<tr>
<td>Section 5(a)(3)</td>
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<tr>
<td>Section 5(a)(4)</td>
<td>Matters Referred to Prosecutive Authorities</td>
<td>5-13</td>
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<tr>
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<td>Information Refused</td>
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<td>Listing of Audit Reports</td>
<td>A-2-A-12</td>
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<td>Summary of Significant Reports</td>
<td>5-31</td>
</tr>
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<td>Section 5(a)(8)</td>
<td>Audit Reports--Questioned Costs</td>
<td>31</td>
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<tr>
<td>Section 5(a)(9)</td>
<td>Audit Reports--Funds To Be Put To Better Use</td>
<td>30</td>
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<tr>
<td>Section 5(a)(10)</td>
<td>Prior Audit Reports Unresolved</td>
<td>27-28</td>
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<tr>
<td>Section 5(a)(11)</td>
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Under the auspices of the National Performance Review (NPR), the Office of the Inspector General, U.S. Department of Justice is coordinating the establishment of IGNet, a computer conference network for all Inspectors General. Information about IGNet can be obtained by FAX (202) 616-9881 or through Internet:jbullock@tmn.com.
Call the DOJ OIG Hotline.
Your call may save
the government millions of dollars.

1-800-869-4499

Or Write:
P.O. Box 27606
Washington, D.C.
20038-7606
Anti-Smuggling Unit of the Immigration and Naturalization Service

The Anti-Smuggling Unit of the Immigration and Naturalization Service, U.S. Border Patrol Sector at Laredo, Texas, notified and cooperated with the OIG in an investigation involving a colleague who had retired five days earlier and was alleged to be selling counterfeit INS documents. Agents in the Anti-Smuggling Unit provided invaluable assistance during the undercover operation and in the first phases of the investigation.

Within seven hours after the OIG was notified, the former agent was arrested after selling counterfeit documents to an undercover operative. OIG and Anti-Smuggling agents executed a search warrant at the former agent’s home and discovered dry and wet seals, INS forms, birth certificates, baptismal certificates, stolen counterfeit social security cards, stolen government property, and sales records of the bogus INS documents, which had been purchased by several hundred persons. After his arrest, the former agent pleaded guilty to conspiracy and fraud and misuse of visas, permits, and other documents.

Members of the Anti-Smuggling Unit who assisted in this investigation are: Supervisory Special Agent Joseph De La Cruz, Special Agent Jose A. Martinez, Special Agent Vittorio A. Ramirez, Special Agent Manuel Guerrero, and Special Agent Victor M. Villarreal. These agents and others assigned to assist in the investigation are a tribute to the Border Patrol, INS and the law enforcement community they represent. They reflect the high standards maintained by law enforcement officers in the Department of Justice.