

United States Department of Justice Agency Financial Report



Fiscal Year 2023



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U.S. DEPARTMENT OF JUSTICE

FISCAL YEAR 2023 AGENCY FINANCIAL REPORT



November 2023

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Purpose of Report and Reporting Process

The Agency Financial Report (AFR) is the Department of Justice’s (DOJ or the Department) principal report conveying to the President, Congress, and the American public its commitment to sound financial management and stewardship of public funds. The AFR reports on the Department’s end-of-fiscal-year financial position and provides results that include, but are not limited to, financial statements, notes to the financial statements, and report of the independent auditors.

The Department’s AFR is prepared under the direction of the Department’s Chief Financial Officer (CFO). The financial statements contained within this report are prepared by the Department’s Justice Management Division (JMD), Finance Staff, and audited by an independent public accounting firm under the direction of the Office of the Inspector General (OIG). These financial statements for Fiscal Year (FY) 2023 and FY 2022 report on all accounts and associated activities of each office, bureau, and activity of the Department.

Organization of the Report

Section I – Management’s Discussion and Analysis (MD&A): This section includes summary information about context for the financial information in the MD&A of the Department; analysis of the Department’s financial statements; analysis of systems, controls, and legal compliance which contains the assurances and information related to internal control and financial management system compliance with government-wide requirements, as required by the *Federal Managers’ Financial Integrity Act (FMFIA)* and *Office of Management and Budget Circular A-123 (OMB A-123)*; and forward looking information.

Section II – Financial Section: This section includes OIG’s Commentary and Summary on the Department’s FY 2023 Annual Financial Statements, the Independent Auditors’ Report, and the Department’s consolidated financial statements and related notes.

Section III – Other Information: This section includes the Summary of Financial Statement Audit and Management Assurances, OIG-identified Top Management and Performance Challenges Facing the DOJ and the DOJ’s response to those challenges, as well as sections on payment integrity, civil monetary penalty adjustments, grants, and climate related financial risk.

Appendices: This section includes (A) Office of the Inspector General’s Analysis and Summary of Actions Necessary to Close the Report, (B) Acronyms, and (C) Department Component Websites.

This report is available at URL: [Department of Justice | FY 2023 Agency Financial Report](https://www.justice.gov/doj/fy-2023-agency-financial-report)¹

¹ <https://www.justice.gov/doj/fy-2023-agency-financial-report>

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Office of the Attorney General

Washington, D. C. 20530

November 15, 2023

A MESSAGE FROM THE ATTORNEY GENERAL

The mission of the Justice Department is to uphold the rule of law, keep our country safe, and protect civil rights. The Department's Strategic Plan for Fiscal Years 2022-2026 organizes the Department's wide-ranging responsibilities into five strategic goals in pursuit of that mission. I am pleased with the significant progress we have made to advance each of these goals.

Our first strategic goal is upholding the rule of law. The Department has reinforced and, where appropriate, updated and strengthened policies that are foundational for longstanding Departmental norms, including those intended to protect the independence of the Department from partisan influence in law enforcement investigations, to establish guidelines for the use of compulsory process in investigations that could involve members of the press, and to set out principles to guide the exercise of prosecutorial discretion. The Department has continued to investigate the attack on the Capitol on January 6, 2021, to ensure accountability for those criminally responsible for the January 6 assault on our democracy. The Department has taken actions to protect public servants at every level from violence and unlawful threats of violence. In 2022, the Department charged more defendants in criminal threat cases than in any year in at least the last five. And, in response to Russia's unprovoked and unjust invasion of Ukraine, the Department has continued to hold accountable those who have committed war crimes and other atrocities and to combat efforts to evade U.S. sanctions, including through Task Force KleptoCapture and the War Crimes Accountability Team. In February 2023, I also authorized the first-ever transfer of forfeited Russian oligarch assets to the Department of State to remediate the harms of Russia's invasion of Ukraine.

Our second strategic goal is keeping our country safe. Last year, the Department announced a broader strategy for countering nation-state threats, which focuses on areas where our authorities can have the most impact, including those in the context of transnational repression, foreign malign influence, cyber, espionage, and theft of technology and intellectual property. In implementing this strategy, the Department has investigated, prosecuted, and otherwise disrupted threats by foreign actors, including from Russia, Iran, and the People's Republic of China, who seek to undermine America's national and economic security. The Department has also continued to cooperate across all levels of government to deter and disrupt foreign and domestic terrorist attacks, including by prosecuting those who would provide foreign terrorist organizations with material support.

The Department has accelerated our efforts to combat violent crime, to fight gun violence on every front, to counter cyber threats, and to get deadly fentanyl out of our communities and dismantle and hold accountable the violent cartels that put it there. Our U.S. Attorneys' Offices across the country have worked alongside our state and local partners to implement district-specific violent crime reduction strategies. Each of our law enforcement components—the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Drug Enforcement

Administration, the Federal Bureau of Investigation, and the U.S. Marshals Service—has worked with its state, local, Tribal, and territorial law enforcement partners to seize illegal guns and deadly drugs and to prosecute those who commit acts of violence in our communities. In fiscal year 2023 alone, we prosecuted more than 14,500 individuals for violent crimes. ATF is working more closely than ever with our state and local partners to turn the evidence they collect at crime scenes into concrete leads—generating over 200,000 leads on violent criminals since summer 2022. The Department continues to take a comprehensive approach to disrupt fentanyl trafficking and remove millions of lethal doses of fentanyl from our communities, including by investigating and prosecuting members of drug cartels and transnational criminal organizations, their chemical suppliers in China and elsewhere, and their manufacturers, gun and drug traffickers, and money launderers. And the Department has strengthened our efforts to enhance our cybersecurity and combat cybercrime, including by launching a new section in the National Security Division to expand our efforts beyond arrests and prosecutions to include disruptive actions earlier in our investigations against the individual actors and key nodes in the cybercrime ecosystem that enable those individuals.

Our third strategic goal is protecting civil rights. The Department is protecting the right to vote, including by increasing the number of enforcement attorneys in the Civil Rights Division and filing lawsuits, statements of interests, and amicus briefs across the country. Through this work, the Department has sought to address discriminatory voting laws, to protect language access at the ballot box, and to ensure that voters with disabilities are able to exercise the right to vote. The Department is working with our partners in communities and police departments across the country to advance the accountability, transparency, and public trust that are essential to public safety. Earlier this year, the Department released the results of its pattern-or-practice investigations into the Louisville Metro and Minneapolis Police Departments and reached agreements in principle with the police departments and local governments to resolve the findings. The Department is protecting and advancing reproductive freedom under federal law, including through the Reproductive Rights Task Force, which continues to monitor and identify appropriate responses to state laws and enforcement actions that threaten to infringe on federal protections of reproductive rights. The Department is working tirelessly to investigate and combat hate crimes and hate incidents, and to improve hate crime reporting, including through the United Against Hate program that we launched in U.S. Attorneys' Offices across the country to help individuals learn to identify, report, and prevent hate crimes. And the Department is furthering environmental justice, making important strides in advancing our comprehensive environmental justice strategy, and prioritizing the cases that have the greatest impact on the communities most overburdened by environmental harm.

Our fourth strategic goal is ensuring economic opportunity and fairness for all. The Department has fortified its corporate crime enforcement—first by convening an advisory group to understand how to deter crime, prevent recidivism, and protect victims, and then by issuing guidance aimed at accomplishing those goals. We have secured convictions of individuals as well as guilty pleas from corporations—both domestic and foreign—and have imposed independent corporate monitors where necessary to protect the American people and shareholders. The Department is also vigorously enforcing antitrust and consumer protection laws, including taking enforcement actions that have resulted in the blocking or abandonment of mergers and that have led to significant restitution for workers harmed by wage-fixing. In July

2023, the Department, together with the Federal Trade Commission, released a draft update of the Merger Guidelines, which explain the agencies' approach to reviewing mergers and acquisitions for anticompetitive effects and compliance with federal law.

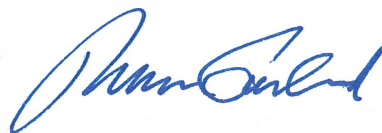
Finally, our fifth strategic goal is administering just adjudicatory and correctional systems. Last year, I appointed Colette Peters to serve as Director of the Federal Bureau of Prisons (BOP). Under her leadership, participation in First Step Act programming has continued to expand. Director Peters is leading the BOP through agency-wide reform, with an emphasis on accountability, integrity, respect, compassion, and correctional excellence. And with respect to our nation's immigration courts, for fiscal year 2023, the Department once again filled every immigration judge position for which it has received appropriations and completed a record number of cases.

In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, we have prepared the FY 2023 Department of Justice's Agency Financial Report (AFR). The AFR contains the Department's audited consolidated financial statements, as required under the Chief Financial Officers Act of 1990, as amended (CFO Act); the Government Management Reform Act of 1994 (GMRA); and the Accountability of Tax Dollars Act of 2002 (ATDA). The AFR also contains a statement of assurance regarding internal control over operations, reporting, and compliance, as required by the Federal Managers' Financial Integrity Act (FMFIA).

In FY 2023, the Department earned an unmodified audit opinion on our consolidated financial statements for the twentieth straight year. The auditor's report on internal control identified a material weakness at the consolidated level due to improvements needed in the areas of risk assessment, financial management, and financial reporting controls. Our corrective actions are documented in Section III of this report.

The Department's assessment of risk and internal control in FY 2023 was conducted in accordance with OMB Circular A-123. Based on the results of the assessment and Assurance Statements provided by Department components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2023, except for the material weakness in risk assessment, financial management, and financial reporting controls. Details of that weakness are provided in the AFR section regarding Analysis of Systems, Controls, and Legal Compliance. Corrective actions are already underway and will be evaluated as part of the Department's FY 2024 A-123 internal control assessment.

We look forward to working with our components, the Office of the Inspector General, and auditors in FY 2024 to continue to strengthen our financial operations and reporting.



Merrick B. Garland
Attorney General

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

In This Section:

- 2** Context for the Financial Information in the MD&A
- 14** Analysis of Financial Statements
- 22** Analysis of Systems, Controls, and Legal Compliance
- 26** Forward-Looking Information

Context for the Financial Information in the MD&A

Established July 1, 1870 28 *United States Code (U.S.C) § 501 and 503*, the Department of Justice (DOJ) is headed by the Attorney General of the United States. The Department was created to control federal law enforcement and all criminal prosecutions and civil suits in which the United States has an interest. The structure of the Department has changed over the years, with the addition of a Deputy Attorney General (DAG), Associate Attorney General (ASG), Assistant Attorneys General, and the formation of Divisions and components; however, unchanged is the commitment and response to securing equal justice for all, enhancing respect for the rule of law, and making America a safer and more secure Nation.

Mission Statement

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

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

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

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

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

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

Organizational Structure

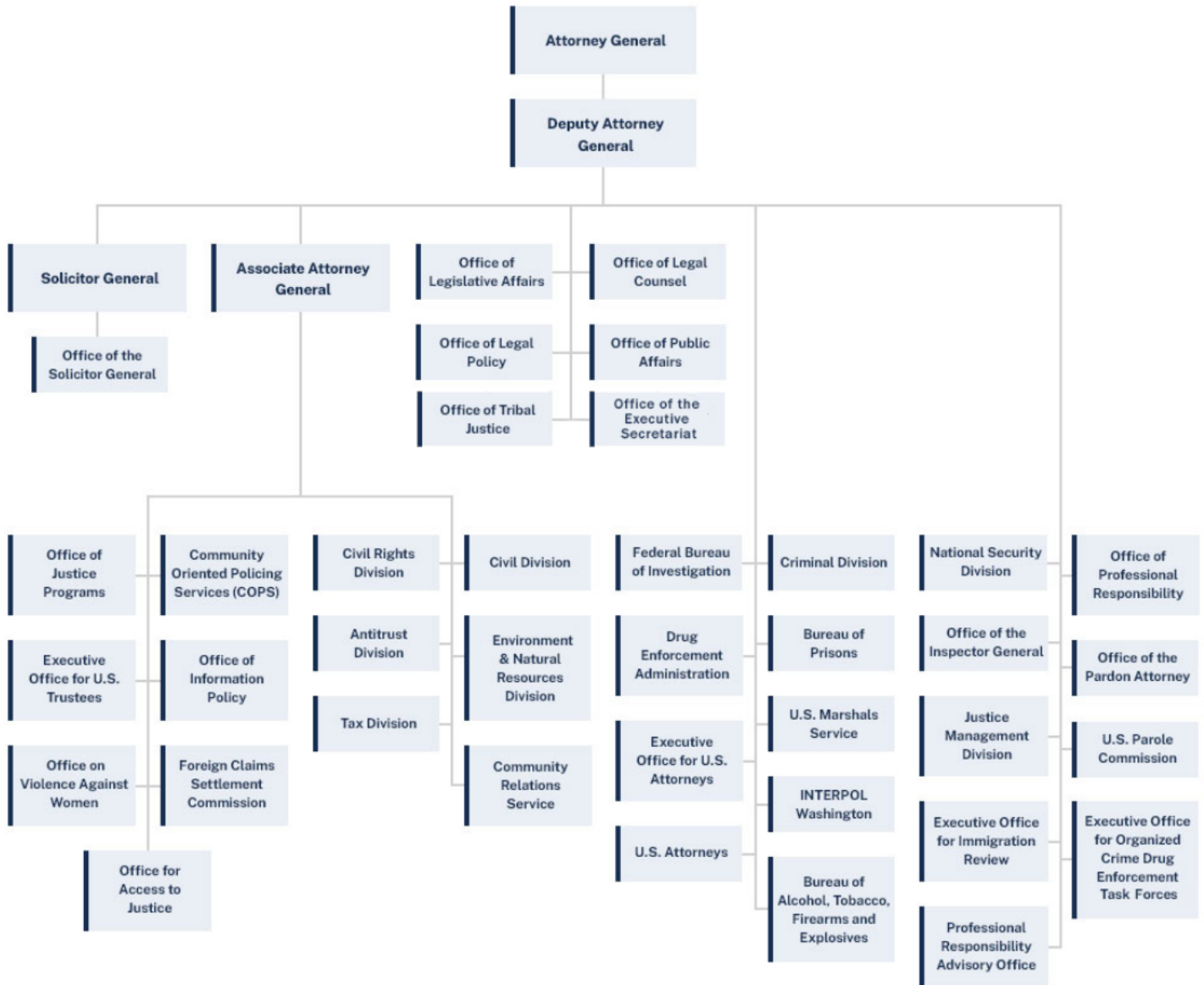
Led by the Attorney General, the Justice Department is comprised of more than forty separate component organizations. There are nearly 116,000 employees of the Department who ensure that the individual component missions, and the overarching Department mission, is carried out. These include major investigative components such as the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The major litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), Tax (TAX) Divisions, and U.S. Attorney's Office (USAO).

The U.S. Marshals Service (USMS), protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Federal Bureau of Prisons (BOP), confines convicted offenders; and the National Security Division (NSD), brings together national security, counter-terrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to state, local, and tribal governments. Other major Departmental components include the Executive Office for U.S. Trustees (UST), Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the OIG, and several offices that advise the Attorney General on policy, law, legislation, tribal justice matters, external affairs, and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

U.S. DEPARTMENT OF JUSTICE

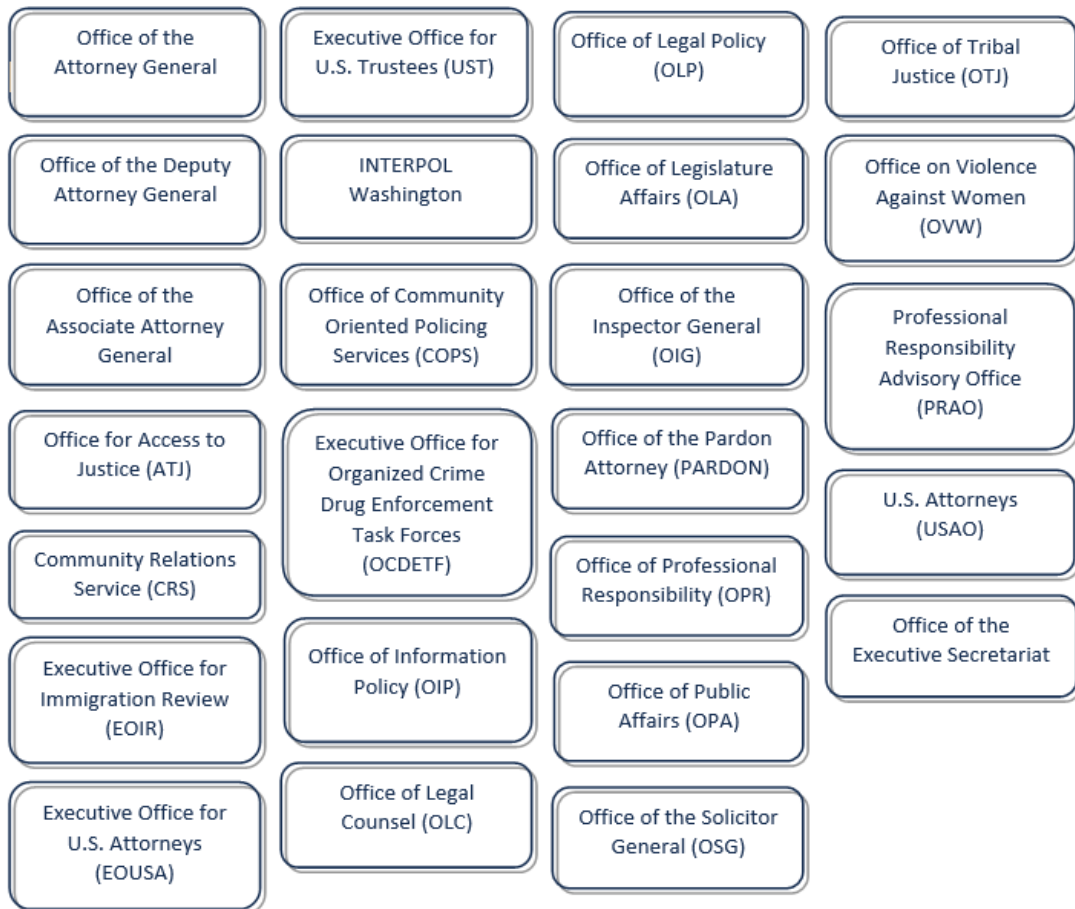


As of September 30, 2023, the Department’s financial reporting structure was comprised of nine principal components:

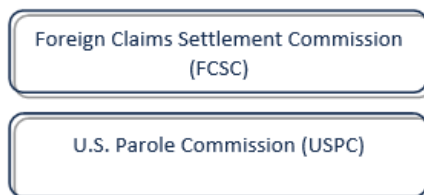


*OBDs organizational structure presented on the following page.

OFFICES



BOARDS



DIVISIONS



Chart 1: DOJ Employees Onboard by Reporting Component

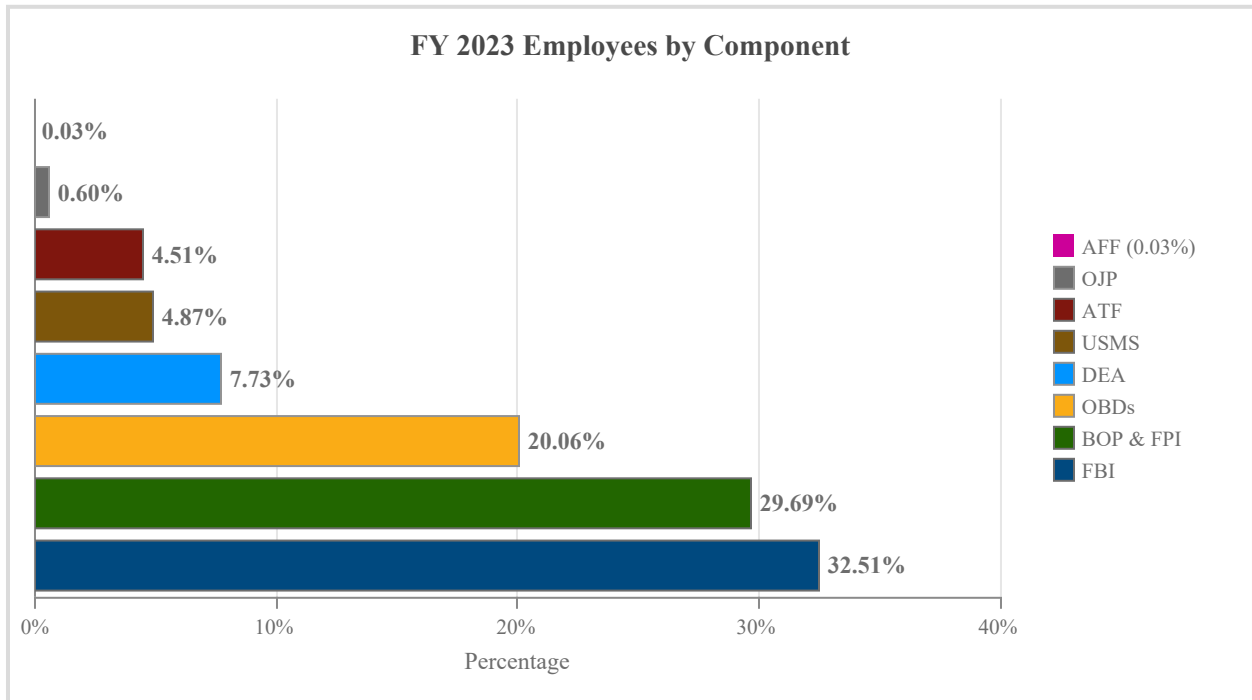
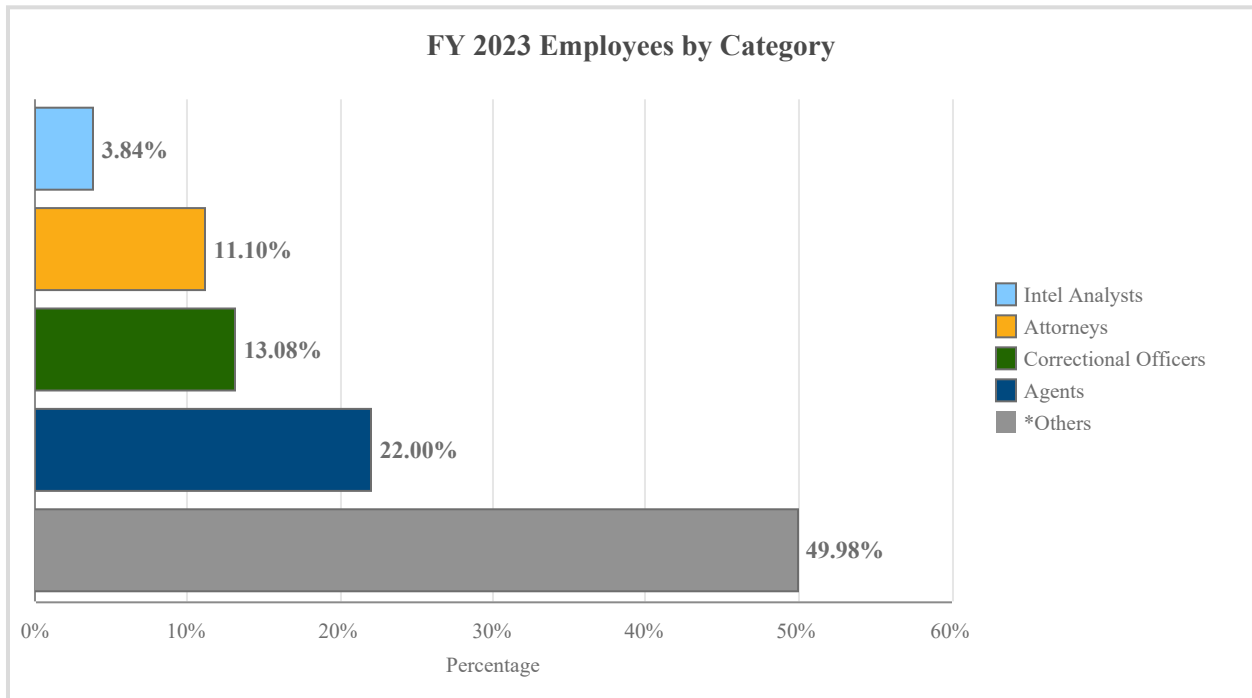


Chart 2: DOJ Employees Onboard by Employee Category



*Others include pay class categories such as paralegals, financial managers, procurement officers, evidence technicians, and security specialists.

Major Programs

The Department reports in the Statement of Net Cost earned revenue and cost by five major programs listed and defined below:

- Program 1 - Law Enforcement
 - Protects and defends the United States against foreign and domestic threats by investigating, enforcing, and upholding the laws of the United States (e.g. AFF, ATF, DEA, FBI, OCDETF, and USMS).
- Program 2 - Litigation and Compensation
 - The litigating function defends or asserts the laws, programs, and policies of the United States and ensures greater coordination and unity of purpose between prosecutors and law enforcement agencies; the compensation function ensure that proceeds, monetary penalties, and fines are deposited into compensation funds that are distributed to victims (e.g. ATR, CIV, CRT, CRM, ENRD, EOUSA, INTERPOL, NSD, OLC, OPA, OSG, PRAO, TAX, USVSSTF, USAO, VCF, and RECA).
- Program 3 - Prisons and Detention
 - Provides for the safe, secure, and humane confinement of detained persons in prisons, detention centers, and community-based facilities, and provides services and programs to facilitate successful reentry (e.g. BOP, FPI, USPC, and USMS Detention).
- Program 4 - Grants
 - Reduces crime and improves the function of the criminal justice system by increasing public safety and improving fair administration of justice across America through innovative leadership and programs (e.g. COPS, OJP, and OVW).
- Program 5 - Executive Oversight and Enterprise Technology
 - Executive Oversight: Provides advice to senior management officials on matters including, but not limited to policy for budget and financial management, personnel management and training, procurement, equal employment opportunity, information processing, telecommunications, security, and all matters pertaining to organization authorities; also includes vital functions such as adjudicating immigration cases, preserving the bankruptcy system, managing multi-agency task forces, and national criminal justice programs (e.g. AG, DAG, ASG, other SMOs, CRS, EOIR, UST, OTJ, JMD, and OIG).
 - Enterprise Technology: Protects critical mission assets by strengthening security in particular areas including access management and incident response and recovery (e.g. Justice Information Sharing Technology (JIST) and Working Capital Fund (WCF)).

Performance Goals, Objectives, and Results

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. Strategic planning is the first step in an iterative planning and implementation cycle.

The planning and implementation cycle occurs early in the Department's process to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's *FYs 2022 - 2026 Strategic Plan* provides an overarching framework for component and function-specific plans, as well as for annual performance plans, budgets, and reports. The Department's *FYs 2022 - 2026 Strategic Plan* is available on the Department's website: [DOJ Strategic Plan 2022 - 2026](https://www.justice.gov/doj/doj-strategic-plan-2022-2026)¹.

The table below provides an overview of the Department's FYs 2022 - 2026 strategic goals and objectives.

Strategic Goals		Strategic Objectives
1	Uphold the Rule of Law	1.1 Protect Our Democratic Institutions 1.2 Promote Good Government
2	Keep Our Country Safe	2.1 Protect National Security 2.2 Counter Foreign and Domestic Terrorism 2.3 Combat Violent Crime and Gun Violence 2.4 Enhance Cybersecurity and Fight Cybercrime 2.5 Combat Drug Trafficking and Prevent Overdose Deaths 2.6 Protect Vulnerable Communities
3	Protect Civil Rights	3.1 Protect the Right to Vote 3.2 Combat Discrimination and Hate Crimes 3.3 Reform and Strengthen the Criminal and Juvenile Justice Systems to Ensure Fair and Just Treatment 3.4 Expand Equal Access to Justice 3.5 Advance Environmental Justice and Tackle the Climate Crisis
4	Ensure Economic Opportunity and Fairness for All	4.1 Reinvigorate Antitrust Enforcement and Protect Consumers 4.2 Combat Corruption, Financial Crime, and Fraud
5	Administer Just Court and Correctional Systems	5.1 Administer an Equitable and Efficient Immigration Court System 5.2 Maintain a Safe and Humane Prison System

The Department's performance planning and budgeting is driven by and consistent with long-term strategic goals. The Department's *Annual Performance Plan (APP)* is issued each year with the *President's Budget*, and the performance information included in the MD&A are organized according to the five strategic goals identified in the Department's *Strategic Plan for Fiscal Years 2022 – 2026*.

The Department's *Strategic Plan* includes 66 key performance measures, which are summarized in this document. The Department's full performance for these measures will be discussed in the Department's *FY 2023 Annual Performance Report (APR) / FY 2023 APP* and submitted with the *President's Budget* in February 2024.

¹ <https://www.justice.gov/doj/doj-strategic-plan-2022-2026>

SECTION I: MANAGEMENT’S DISCUSSION AND ANALYSIS

To accomplish the objectives of the Department’s five strategic goals, collaboration and joint effort are needed among the components, offices, boards, and divisions within DOJ. As a result, more than one major program may be tied to a single strategic goal to accomplish the goal’s objectives. The table below lists strategic goals by the applicable DOJ component, office, board, or division, and links the strategic goal to the major program reported on the statement of net cost.

Strategic Goal	DOJ Component	Major Program
Goal 1	All components	All Major Programs
Goal 2	ATF, BOP, CIV, COPS, CRM, CRS, CRT, FBI, DEA, INTERPOL, JMD, NSD, OCDETF, OJP, OLP, OTJ, OVW, USMS, USAO, & USPC	All Major Programs
Goal 3	ATF, ATJ, BOP, COPS, CRM, CRS, CRT, OLP, OPA, OTJ, OVW, DEA, ENRD, EOIR, FBI, FPI, JMD, OJP, USAO, USMS, & UST	All Major Programs
Goal 4	ATR, CIV, CRM, FBI, TAX, USAO, & UST	Major Programs 1 & 2
Goal 5	ATJ, CIV, BOP, EOIR, OJP, USAO, USMS, & USPC	Major Programs 2, 3, 4, & 5

Additionally, the Department’s performance for each strategic goal is measured by the goal’s strategic objectives and associated key performance indicators (KPI) as described in the following table. KPIs further define the role each component, office, board, or division has in accomplishing the broad purpose of each strategic goal. Also, KPIs are assigned to a component, office, board, or division providing additional insight to the elements contained in the statement of net cost by major program.

Strategic Objective	Key Performance Indicator	FY 2023 Target	FY 2023 Actual	Target Achieved?
Strategic Goal 1: Uphold the Rule of Law				
1.1	Percent of OPR inquiries resolved within one year [OPR]	75%	98%	Achieved
1.1	Number of criminal government program fraud cases where the proactive use of data led to the opening of an investigation by the Criminal Division. [CRM]	50	TBD	
1.1	Number of U.S. Attorney’s Offices that received proactive data leads in criminal government fraud cases from the Criminal Division. [CRM]	45	TBD	
1.1	Percent of criminal cases concerning COVID-19 related fraud defendants in which the Department seeks restitution [USAO]	90%	TBD	
1.1	Percent of criminal cases concerning COVID-19 related fraud defendants whose cases were favorably resolved [USAO]	90%	99%	Achieved
1.1	Ratio of backlogged to incoming FOIA requests [OIP]	45%	TBD	
1.2	Percent increase in the Department’s average score on selected FEVS questions related to how well managers cultivate innovation, creativity, and collaboration [JMD]	61%	93%	Achieved
1.2	Percent of people involved in hiring who have completed implicit bias and interview skills training within the last three years [JMD]	20%	8%	Not Achieved
1.2	Disparities in employee attrition rates [JMD]	1.34	1.41	Not Achieved
1.2	Percent of Department websites reflecting U.S. Web Design System requirements and meeting best practices for plain language and user centered design [JMD]	100%	TBD	
1.2	Percent of common data sets accessible amongst DOJ components [JMD]	49%	TBD	

SECTION I: MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategic Objective	Key Performance Indicator	FY 2023 Target	FY 2023 Actual	Target Achieved?
Strategic Goal 2: Keep Our Country Safe				
2.1	Number of counterintelligence program disruptions or dismantlements [FBI]	400	494	Achieved
2.1	Percent of prosecutions brought against defendants engaged in a) hostile activities against national assets, b) intelligence gathering, or c) export violations that are favorably resolved [NSD]	90%	TBD	
2.1	Percent of Department-led foreign investment cases that were adjudicated favorably [NSD]	97%	TBD	
2.2	Number of terrorism disruptions effected through investigations [FBI]	600	405	Not Achieved
2.2	Percent of counterterrorism defendants whose cases were favorably resolved [NSD]	90%	TBD	
2.2	Number of individuals in the Department trained to prosecute domestic terrorism and domestic violent extremism [NSD]	400	TBD	
2.2	Percent of Department-issued Intelligence Information Reports used in the development of United States Intelligence Community Intelligence Products [FBI]	15%	18.5%	Achieved
2.3	Percent of federal violent crime defendants' cases favorably resolved [CRM, USAO]	90%	98%	Achieved
2.3	Volume of U.S. Attorney office records uploaded to the National Instant Criminal Background Check System [USAO]	6%	TBD	
2.3	Percent of grantees that conduct community engagement activities as part of the program planning for their crime reduction initiative [OJP]	25%	32%	Achieved
2.4	Percent increase in disruptions of malicious cyber actors' use of online infrastructure through proactive operations and judicial means [FBI]	5%	14%	Achieved
2.4	Percent of reported ransomware incidents from which cases are opened, added to existing cases, or resolved within 72 hours [FBI]	65%	47%	Not Achieved
2.4	Percent increase in operations conducted jointly with strategic partners [FBI]	3%	(38)%	Not Achieved
2.4	Percent of confirmed cyber incidents to Department systems [JMD]	0.001%	0.0014%	Not Achieved
2.4	Percent increase of threat advisories disseminated to the private sector (changed from Number of) [FBI]	5%	(5)%	Not Achieved
2.5	Percent of disruptions or dismantlements of drug-trafficking organizations focused on the highest priority targets [OCDETF]	31%	TBD	
2.5	Amount of diversion, nationally, of opioids and stimulants [DEA]	308,376g	100,881g	Not Achieved
2.5	Percent of relevant-funded grantee programs that provide Medication Assisted Treatment, which includes medication plus counseling, as part of their substance use disorder services [OJP]	TBD	TBD	

SECTION I: MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategic Objective	Key Performance Indicator	FY 2023 Target	FY 2023 Actual	Target Achieved?
Strategic Goal 2: Keep Our Country Safe				
2.6	Percent increase in services to traditionally underserved victim populations through VOCA-funded organizations and anti-human trafficking programs [OJP]	TBD	TBD	
2.6	Percent of USAOs conducting training on trauma-informed and culturally sensitive approaches for attorneys, victim witness specialists, and support staff [USAO]	65%	TBD	
2.6	Percent of victims reporting that they entered and maintained permanent housing upon exit from an OVW-funded transitional housing program 6 months after program completion (Transitional Housing Program only) [OVW]	80%	TBD	
2.6	Percent of crimes-against-children FBI cases which address abductions, hands-on offenders, sextortion, or enticement [FBI]	46%	65%	Achieved
2.6	Number of formal relationships established with state, county, and local law enforcement, either directly or through state Police Officer Standards and Training councils or commissions, to communicate elder justice best practices [CIV]	10	3	Not Achieved
2.6	Percent of Indian Country homicide cases and sexual abuse cases favorably resolved [USAO]	90%	96%	Achieved
Strategic Goal 3: Protect Civil Rights				
3.1	Number of new Voting Rights Act matters initiated [CRT]	4	TBD	
3.1	Percent of cases prosecuting threats of violence and intimidation against election officials that are favorably resolved [CRM]	75%	90%	Achieved
3.1	Percent of BOP facilities providing structured curriculum on voting rights to releasing individuals [BOP]	100%	100%	Achieved
3.2	Number of Title VII and USERRA investigations [CRT]	20	28	Achieved
3.2	Number of Limited English Proficiency (LEP) individuals who access department-funded materials in their native language to understand federal hate crimes and anti-discrimination laws [CRT]	35,000	57,895	Achieved
3.2	Percent of United States Attorney's Offices leading hate crime alliances with community representatives and local civil rights leaders [USAO]	100%	TBD	
3.2	Percent of criminal cases addressing civil rights violations, including hate crimes, favorably resolved [CRT]	85%	TBD	
3.3	Percent of federal law enforcement officers who receive Use of Force Sustained Training within a 3-year period [ATF, BOP, DEA, FBI, USMS]	95%	TBD	
3.3	Percent of participants in CRS facilitated police-community relations programs who perceive stronger community capacity to address alleged inequities [CRS]	80%	TBD	
3.3	Percent of federal law enforcement officers equipped with body-worn cameras and associated training [ATF, DEA, FBI, USMS]	38%	TBD	
3.3	Percent of Justice Assistance Grant Program law enforcement grantees using innovative and evidence-based practices [OJP]	9%	8%	Not Achieved

SECTION I: MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategic Objective	Key Performance Indicator	FY 2023 Target	FY 2023 Actual	Target Achieved?
Strategic Goal 3: Protect Civil Rights				
3.4	Percent of eligible individuals represented by consistent defense counsel throughout that individual's justice system involvement [OJP]	TBD	TBD	
3.4	Number of Justice Department strategic partnerships established by the Office for Access to Justice to improve equal access to justice [ATJ]	10	TBD	
3.5	Number of Environmental Justice Coordinators designated [USAO]	94	TBD	
3.5	Percent of participants in CRS facilitated environmental justice programs who perceive stronger community capacity to address alleged inequities [CRS]	TBD	TBD	
3.5	Number of matters that address adverse environmental and public health effects brought under civil rights statutes [CRT]	16	TBD	
3.5	Percent of environmental enforcement cases in or substantially affecting overburdened and underserved communities that are favorably resolved [ENRD]	80%	TBD	
3.5	Percent reduction in energy intensity used by the Department [JMD]	(2)%	TBD	
Strategic Goal 4: Ensure Economic Opportunity and Fairness for All				
4.1	Number of active civil non-merger investigations [ATR]	50	TBD	
4.1	Percentage of consumer protection branch cases favorably resolved [CIV]	85%	97%	Achieved
4.2	Percent of corporate criminal cases in which individual responsibility was evaluated [CRM, USAO]	95%	TBD	
4.2	Percent of corporate criminal resolutions containing compliance reporting obligations that are evaluated by DOJ at least annually [CRM, USAO]	95%	TBD	
4.2	Number of criminal disruptions or dismantlements in public corruption and fraud against the government [FBI]	487	320	Not Achieved
4.2	Percent of new contacts by the FBI with foreign anti-corruption agencies that progress to mutual sharing of information or assistance or result in a new international corruption case [FBI]	60%	47%	Not Achieved
Strategic Goal 5: Administer Just Court and Correctional Systems				
5.1	Median case completion time [EOIR]	710	791	Achieved
5.1	Average number of vacancy-days for immigration adjudicator positions [EOIR]	382	TBD	
5.1	Percent of immigration judges who have received all relevant continuing legal education annually [EOIR]	92%	99%	Achieved
5.1	Visits to the Immigration Court Online Resource (ICOR) [EOIR]	24,000	462,503	Achieved
5.2	Percent of funded corrections officer positions filled at the end of each fiscal year [BOP]	93%	TBD	
5.2	Percent of inmates in federal custody who have successfully completed or are enrolled in an FSA program or activity [BOP]	55%	79%	Achieved
5.2	Percent of inquiries from external stakeholders that BOP responds to within the target response time [BOP]	80%	89%	Achieved

*TBD: The FY 2023 Actuals will be reported in the APR at a later date.

Analysis of Financial Statements

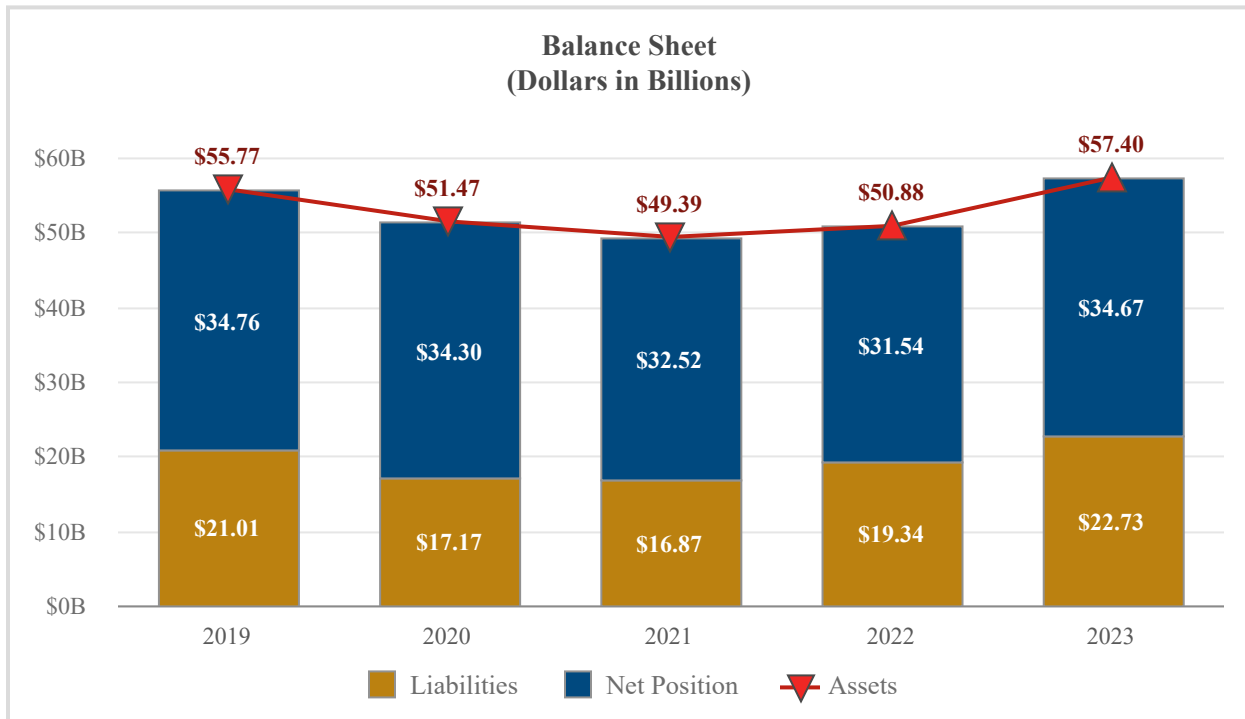
The Department's financial statements received an unmodified audit opinion for the fiscal years ended September 30, 2023 and 2022. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) and *Office of Management & Budget Circular A-136 (OMB A-136)*.

The following information highlights the Department's financial position and results of operations for the fiscal years ended September 30, 2023 and 2022. The complete set of financial statements, related notes, and the opinion of the Department's auditor are provided in Section II of this document.

U.S. Department of Justice					
Table of Key Measures					
Dollars in Billions	2023		2022		Increase/(Decrease)
BUDGETARY RESOURCES					
Total Budgetary Resources	\$ 69.95	\$ 59.94	\$ 10.01	16.7 %	
Total Unobligated Balances	\$ 13.70	\$ 9.79	\$ 3.91	39.9 %	
Net Agency Outlays	\$ 44.95	\$ 40.03	\$ 4.92	12.3 %	
COST OF OPERATIONS					
Gross Program Costs	\$ 54.06	\$ 45.38	\$ 8.68	19.1 %	
Less: Earned Revenue	\$ 3.31	\$ 2.94	\$.37	12.6 %	
Total Net Cost of Operations	\$ 50.75	\$ 42.44	\$ 8.31	19.6 %	
BALANCE SHEET					
Assets:					
Fund Balance with Treasury	\$ 36.85	\$ 34.23	\$ 2.62	7.7 %	
Cash & Other Monetary Instruments	\$ 3.28	\$ 1.41	\$ 1.87	132.6 %	
Investments, Net	\$ 6.45	\$ 3.14	\$ 3.31	105.4 %	
Accounts Receivable	\$ 2.11	\$ 2.90	\$ (.79)	(27.2)%	
Property, Plant & Equipment, Net	\$ 7.77	\$ 8.27	\$ (.50)	(6.0)%	
Other	\$.94	\$.93	\$.01	1.1 %	
Total Assets	\$ 57.40	\$ 50.88	\$ 6.52	12.8 %	
Liabilities:					
Accounts Payable	\$ 3.17	\$ 3.08	\$.09	2.9 %	
Advances & Deferred Revenues	\$ 1.19	\$ 1.12	\$.07	6.2 %	
Federal Employee Benefits	\$ 2.75	\$ 2.67	\$.08	3.0 %	
Compensation Fund Liabilities	\$ 6.35	\$ 3.94	\$ 2.41	61.2 %	
Seized Cash & Monetary Instruments	\$ 4.75	\$ 2.88	\$ 1.87	64.9 %	
Custodial Liabilities	\$ 1.39	\$ 2.68	\$ (1.29)	(48.1)%	
Other	\$ 3.13	\$ 2.97	\$.16	5.4 %	
Total Liabilities	\$ 22.73	\$ 19.34	\$ 3.39	17.5 %	
Net Position:					
Unexpended Appropriations	\$ 25.08	\$ 19.92	\$ 5.16	25.9 %	
Cumulative Results of Operations	\$ 9.59	\$ 11.62	\$ (2.03)	(17.5)%	
Total Net Position	\$ 34.67	\$ 31.54	\$ 3.13	9.9 %	

Balance Sheet

Chart 3: Balance Sheet, Trend Analysis FY 2019-2023

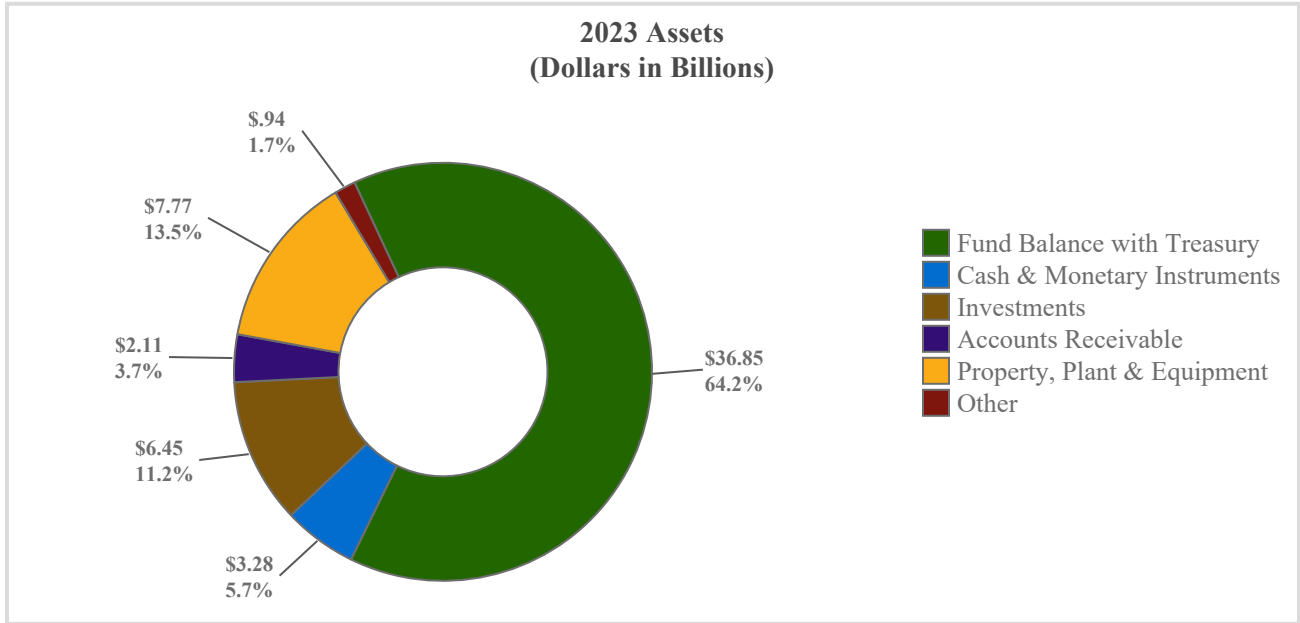


Assets

The Department's Consolidated Balance Sheet as of September 30, 2023, reflects \$57.40 billion in total assets, an increase of \$6.52 billion or 12.8% compared to the previous year's total of \$50.88 billion. A contributing factor for the increase in total assets was a \$2.62 billion increase to fund balance with treasury (FBwT) partially a result of revenue received from large forfeiture cases, offset by third party payments and a permanent rescission for a net increase to AFF's FBwT of \$1.30 billion. The remaining increase to FBwT can be associated with increased appropriations received in FY 2023 compared to FY 2022, and a portion of those funds remaining either unobligated or obligated and not yet disbursed. Additionally, Investments increased \$3.31 billion as a result of the United States Victims of State Sponsored Terrorism Fund (USVSSTF) unobligated claims associated with lump sum catch-up payments for victims of 9/11, the 1983 Beirut barracks bombing, and the 1996 Khobar Towers bombing. Another contributing factor for the increase to total assets was a \$1.87 billion increase to seized cash deposited primarily associated with FTX, Alameda Research, Binance, GTV Media Group, and Ability Pharmacy.

The increases to total assets were offset by accounts receivable, other than intragovernmental, by \$0.77 billion due to reduced net claims resulting from violations of laws and regulations against other parties, not yet collected by the Department on behalf of others and the Treasury General Fund. Lastly, general property, plant, and equipment decreased by \$0.50 billion.

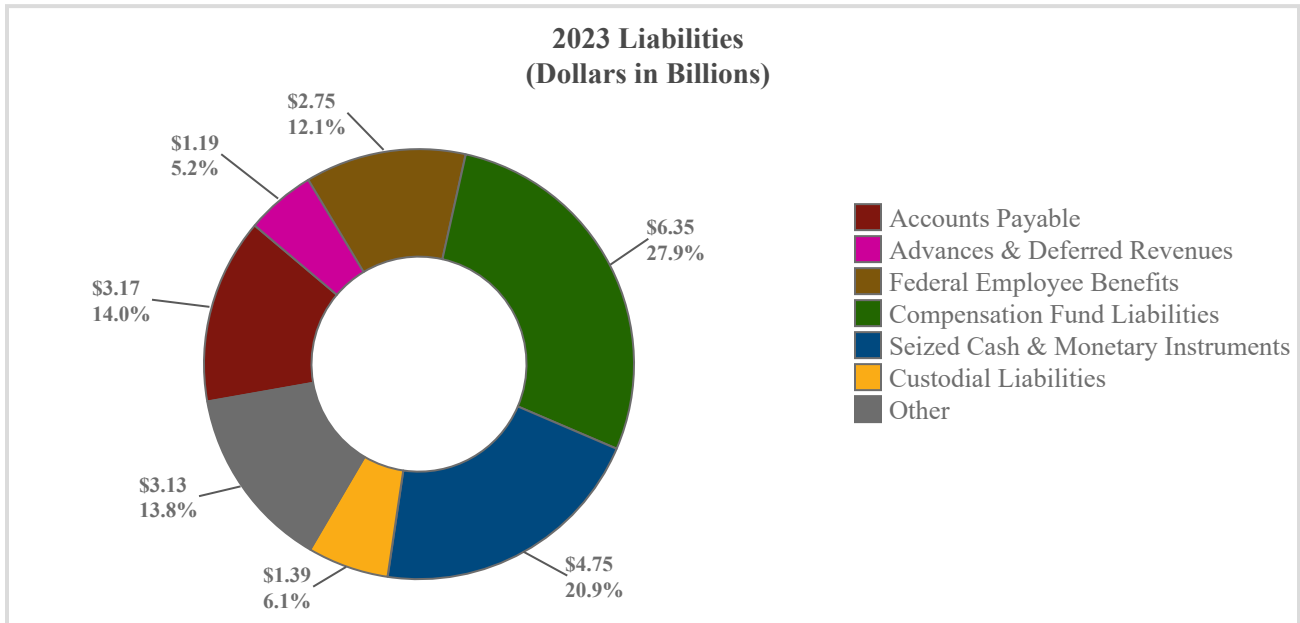
Chart 4: Breakdown of FY23 Assets, by Category (>\$1 Billion)



Liabilities

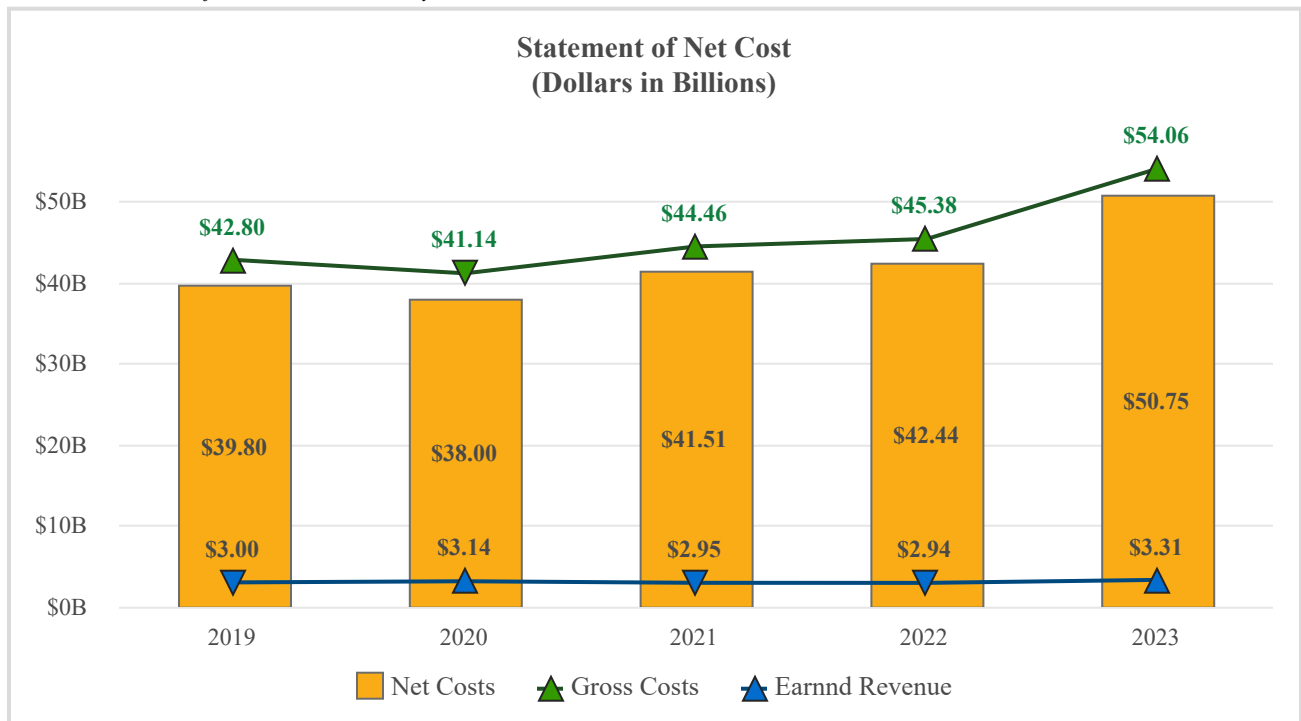
Total liabilities were \$22.73 billion as of September 30, 2023, an increase of \$3.39 billion or 17.5% compared to the previous year’s total of \$19.34 billion. The primary reason for the increase in total liabilities was attributed to \$3 billion appropriated funding made available to USVSSTF for lump sum catch-up payments for the 1983 Beirut barracks bombing and the 1996 Khobar Towers bombing. Additionally, liabilities associated with seized cash and monetary instruments increased by \$1.87 billion due to large case seizures including FTX, Alameda Research, Binance, GTV Media Group, and Ability Pharmacy. Increases to total liabilities were largely offset by a reduction in custodial liability accruals of \$1.29 billion.

Chart 5: Breakdown of FY23 Liabilities, by Category (>\$1 Billion)



Statement of Net Cost

Chart 6: Statement of Net Cost, Trend Analysis FY 2019-2023

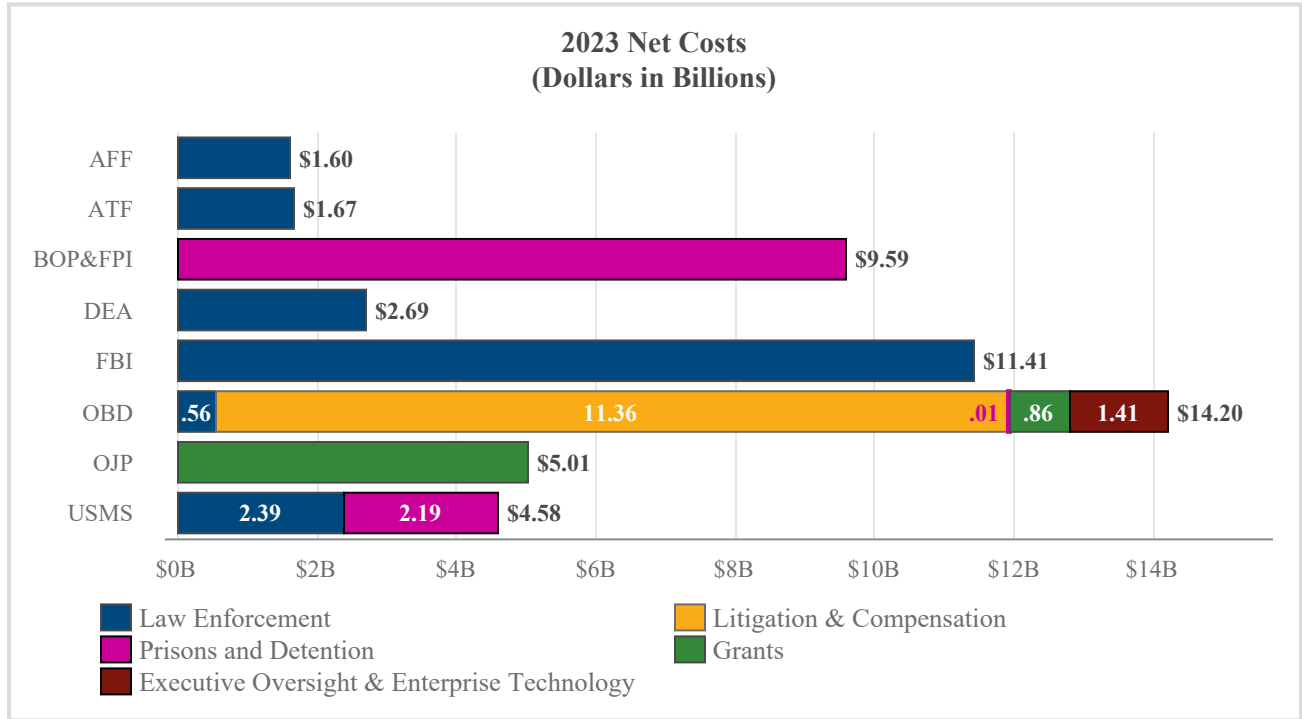


Net Cost of Operations

The Department presents their Consolidated Statement of Net Cost by major program. The net cost of the Department's operations totaled \$50.75 billion for the fiscal year ended September 30, 2023, an increase of \$8.31 billion or 19.6% from the previous year's total of \$42.44 billion. The most significant increase to net cost is attributed to Major Program 2, Litigation and Compensation, which increased by \$5.21 billion. The increase is due to USVSSTF \$2.70 billion claim payments for the 9/11-related lump sum catch-up payments, and the \$3 billion liability accruals for the lump sum catch-up payments for the 1983 Beirut barracks bombing and the 1996 Khobar Towers bombing. This was offset by increased revenue of approximately \$0.40 billion.

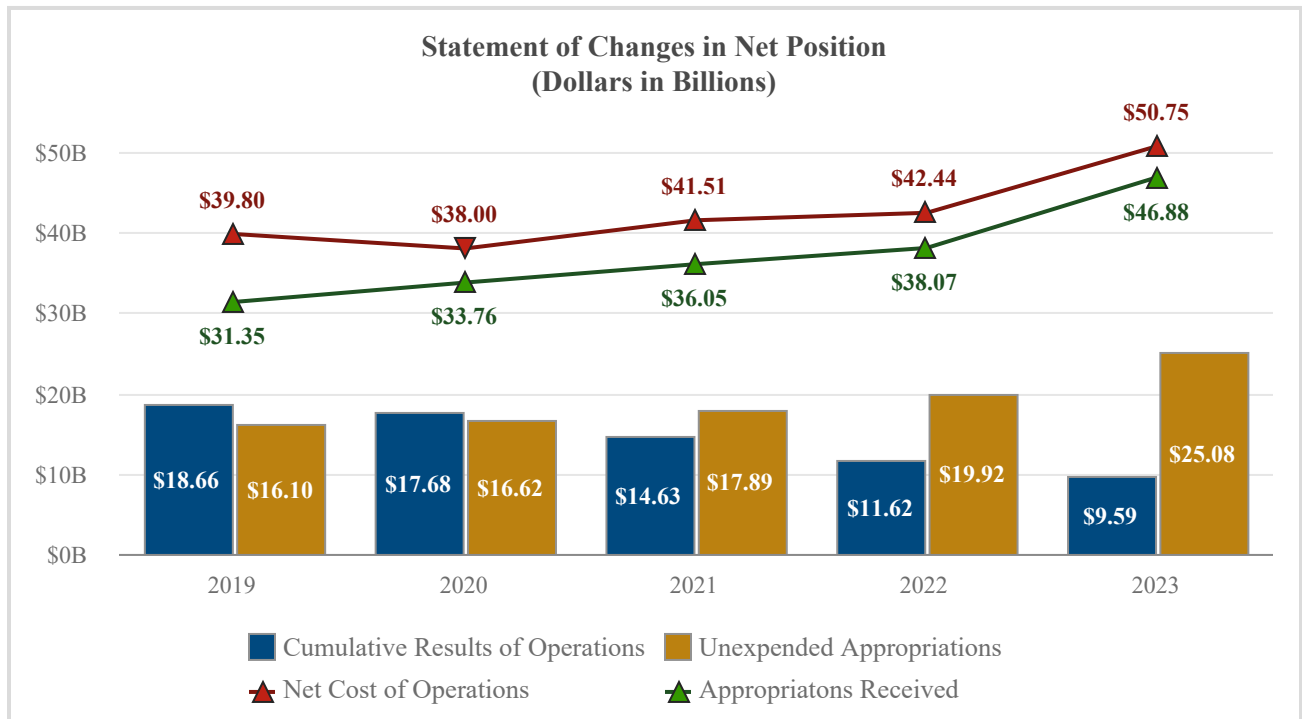
Total net cost increased among all major programs in FY 2023, however it cannot be associated with major events. Rather it is due to increased operational costs due to economic cost factors which was supported by increased appropriated funding.

Chart 6: Breakdown of FY23 Net Costs, by DOJ Major Program & Reporting Component



Statement of Changes in Net Position

Chart 7: Statement of Changes in Net Position, Trend Analysis FY 2019-2023



Total Unexpended Appropriations

The Department's Consolidated Statement of Changes in Net Position shows total unexpended appropriations of \$25.08 billion and \$19.92 billion as of September 30, 2023 and 2022, an increase of \$5.16 billion or 25.9%. Appropriations received increased \$8.81 billion, offset by an increase to appropriations used of \$5.38 billion. Appropriations transferred-in decreased by \$0.66 billion, and other adjustments increased by \$0.36 billion. The result is a net change in unexpended appropriations of \$3.13 billion, combined with an increase to beginning balance of \$2.03 billion results in the increase to total unexpended appropriations.

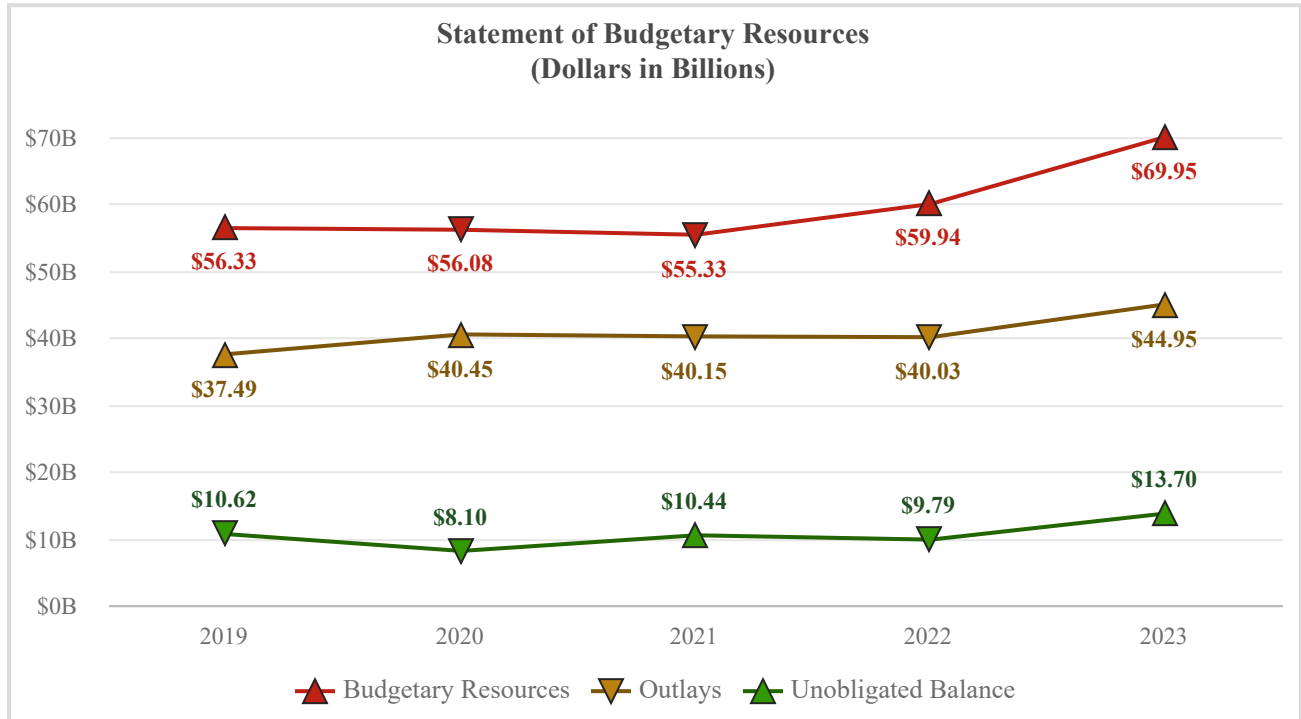
Total Cumulative Results of Operations

The Department's Consolidated Statement of Changes in Net Position shows total cumulative results of operations of \$9.59 billion and \$11.62 billion as of September 30, 2023 and 2022, a decrease of \$2.03 billion or 17.5%. The total decrease can be attributed to a \$2.60 billion decrease to beginning balance in addition to a \$0.24 billion reduction related to permanent rescissions in Special and Trust Funds. Furthering the reduction of cumulative results of operations was increased net cost of \$8.31 billion. This was offset by increases primarily to appropriations used of \$5.38 billion, nonexchange revenues of \$1.12 billion, forfeitures of cash and property of \$1.64 billion, transfers-in without reimbursement of \$0.75 billion, and imputed financing of \$0.44 billion.

Summary of Resources (Dollars in Billions)			
Source	FY 2023	FY 2022	% Change
Earned Revenue:	\$ 3.31	\$ 2.94	12.6 %
Financing Sources:			
Appropriations Received	\$ 46.88	\$ 38.07	23.1 %
Appropriations Transferred-In/Out	\$.43	\$ 1.09	(60.6)%
Nonexchange Revenues	\$ 1.98	\$.87	127.6 %
Donations and Forfeitures of Cash and Cash Equivalents	\$ 3.01	\$ 1.37	119.7 %
Other Adjustments	\$ (1.01)	\$ (1.13)	(10.6)%
Donations and Forfeitures of Property	\$.22	\$.42	(47.6)%
Transfers-In/Out Without Reimbursement	\$.67	\$ (.08)	(937.5)%
Imputed Financing	\$ 1.71	\$ 1.27	34.6 %
Other Financing Sources	\$ (.01)	\$ (.01)	— %
Total DOJ Resources	\$ 57.19	\$ 44.81	27.6 %

Statement of Budgetary Resources

Chart 8: Statement of Budgetary Resources, Trend Analysis FY 2019-2023



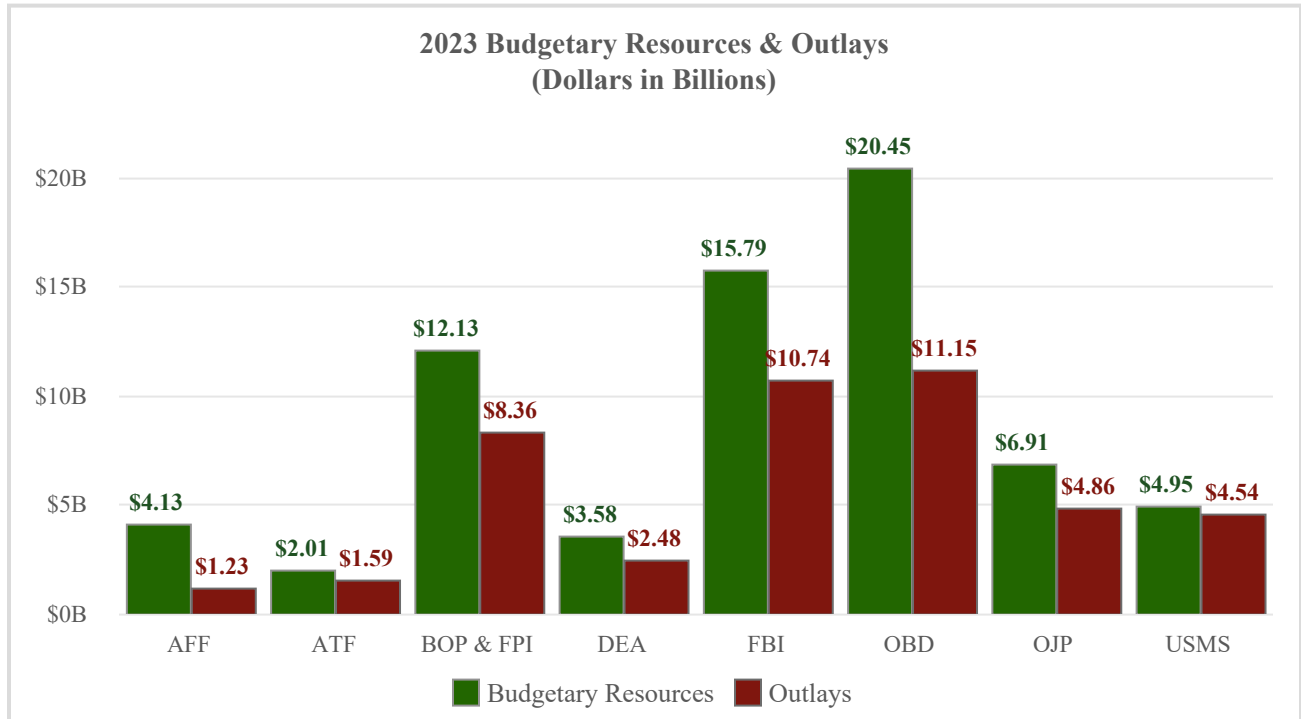
Budgetary Resources

As presented on the Department's Combined Statement of Budgetary Resources, total budgetary resources were \$69.95 billion for the fiscal years ended September 30, 2023 and \$59.94 billion for the year ended September 30, 2022 reflecting a \$10.01 billion increase or 16.7%. The single largest contributing factor was an increase to appropriations of \$9.83 billion.

Net Outlays

The Department's FY 2023 Combined Statement of Budgetary Resources shows for the fiscal years ended September 30, 2023 and 2022, agency outlays, net were \$44.95 billion and \$40.03 billion representing an increase of \$4.92 billion or 12.3%. The increase to outlays was attributed to increased funding through appropriations which results in increased costs and expenditures.

Chart 9: Breakdown of FY23 Budgetary Resources & Outlays by Component



COVID-19 Resources

In response to the COVID-19 pandemic, the DOJ received approximately \$1.6 billion in supplemental funding between FYs 2020 and 2021. This funding was received in both annual and multi-year appropriations and was used to prevent, prepare, and respond to challenges associated with COVID-19. As of September 30, 2022, DOJ expended most of the COVID-19 related funding received and had only \$9 million remaining unobligated.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations of the DOJ, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles (GAAP) and the formats prescribed by the OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Analysis of Systems, Controls, and Legal Compliance

Financial Management Systems

The Department's financial management systems strategy for FY 2023 was to complete the implementation of a single, integrated financial management system the Department has been deploying – the Unified Financial Management System (UFMS). UFMS delivers standard, core accounting and acquisition processes, as well as the data needed for effective financial and budget management. In October 2021, the Bureau of Prisons (BOP) migrated to UFMS to complete the implementation. Throughout FY 2023, the Department and BOP continued efforts to identify solutions for unexpected complications. The UFMS implementation goals have leveraged lessons learned from previous migrations and were based on and aligned with operational risks and requirements unique to each component.

The Department's UFMS implementation has enabled components to improve financial and budget management and realize increased efficiencies. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

Legal Compliance

Department of Justice management is committed to ensuring compliance with applicable laws and regulations, including data standards and appropriations, acquisitions, and employment laws and regulations. Compliance is addressed through policies and procedures, along with oversight and governance by senior leadership. In FY 2023, DOJ component internal review activities and GAO and OIG reviews and audits identified isolated instances of noncompliance, none of which was significant enough to require reporting as a material weakness in the Department-level FMFIA Assurance Statement provided on the following page.

Federal Managers' Financial Integrity Act of 1982

The *Federal Managers' Financial Integrity Act of 1982* (FMFIA or *Integrity Act*), 31 U.S.C. § 3512, provides the statutory basis for management's responsibility for and assessment of internal control. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The *Integrity Act* requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over assets. The *Integrity Act* also requires agencies to annually assess and report on the internal control that protects the integrity of federal programs (FMFIA § 2) and whether financial management systems comply with government-wide requirements (FMFIA § 4).

Federal Financial Management Improvement Act of 1996

The *Federal Financial Management Improvement Act of 1996 (FFMIA)* was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the *FFMIA* provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The *FFMIA* requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger (USSGL) at the transaction level. Furthermore, *FFMIA* requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report. Guidance for implementing the *FFMIA* is provided through *OMB A-123, Appendix D, Management of Financial Management Systems - Risk and Compliance*.

Management Assurances

Federal Managers' Financial Integrity Act of 1982 Assurance Statement

The Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act), 31 U.S.C. § 3512, provides the statutory basis for management's responsibility for and assessment of internal control. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over assets. The Integrity Act also requires agencies to annually assess and report on the internal control that protects the integrity of federal programs (FMFIA § 2) and whether financial management systems comply with government-wide requirements (FMFIA § 4).

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of FMFIA § 2 and § 4. In accordance with OMB Circular A-123, the Department conducted its assessment of risk and internal control. Based upon the results of the assessment and Assurance Statements provided by Department components, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2023, except for the material weakness identified at the consolidated level due to improvements needed in the areas of risk assessment, financial management and financial reporting controls. Details of the material weakness and the Department's corrective action plan are provided in Section III of this report.

Federal Financial Management Improvement Act of 1996 Assurance Statement

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

The Justice Department is committed to sound financial management principles as we pursue our priorities, including upholding the rule of law, keeping our country safe, and protecting civil rights. As the Department continues its important work, the Department is dedicated to using our funds responsibly and transparently. The Department will continue to work in FY 2024 to strengthen our controls in areas identified through the Department's internal review activities and by the Office of the Inspector General and Government Accountability Office.



Merrick B. Garland
Attorney General
November 15, 2023

This report meets legislated reporting requirements in the following other statutes:

Inspector General (IG) Act of 1978, as Amended – Requires information on management actions in response to Inspector General audits

Chief Financial Officers Act of 1990 (CFO) – Requires major executive departments and agencies to appoint a CFO to provide leadership and oversight for the implementation and maintenance of federal financial management practices

Government Performance and Results Act of 1993 (GPRA) and GPRA Modernization Act of 2010 (GPRAMA) – Requires performance reporting against all established agency goals outlined in current strategic planning documents

Government Management Reform Act of 1994 (GMRA) – Requires an audit of agency financial statements

Reports Consolidation Act of 2000 (RCA) – Authorizes the consolidation of certain financial and performance management reports of federal agencies in an annual Performance and Accountability Report

Payment Integrity Information Act of 2019 (PIIA) – Requires reporting on agency fraud reduction efforts and actions taken to address recommendations from recovery audit contractors

Forward-Looking Information

During the past year, the Department of Justice (DOJ) continued to operate under its *FYs 2022-2026 Strategic Plan*. The plan lays out five Strategic Goals: Uphold the Rule of Law; Keep Our Country Safe; Protect Civil Rights; Ensure Economic Opportunity and Fairness for All; and Administer Just Court and Correctional Systems. In order to assess and address the array of challenges and risks that stem from the wide-ranging objectives and strategies, the Department identified risk themes to highlight both the opportunities and the threats/dangers the agency faces to meet its diverse mission. The Department continues to focus on the important risk themes identified in the Strategic Plan as discussed below.

Key Risks and Response

Building Trust

- Protect Our Democratic Institutions: Our nation depends on the stability of its democratic institutions. We will continue our work to ensure that the public views the Department as objective, impartial, and insulated from political influence.
- Promote Trust Between Communities and Law Enforcement: Community trust in law enforcement is essential to making policing more effective and less dangerous for officers on the street. The Department will strengthen relationships between law enforcement officers and communities through continuous review and revisions of operating procedures.
- Ensure Economic Opportunity and Fairness For All: In its pursuit of fair markets, the Department will help ensure that all companies compete by the same rules; that tax dollars flow to their intended recipients; and that corporate crime is deterred, detected, and prosecuted.

Coordination Challenges

- Strengthen Federal, State, Local, Tribal, and International Counterterrorism Partnerships: The Justice Department will protect national security by maintaining strong partnerships with law enforcement and intelligence community partners.
- Enhance Cyber Resilience Within and Outside the Department: The Department will work with the private sector and other government agencies to share vital information they can use to strengthen their cyber defenses and resilience. The Department will help the private sector identify and address their vulnerabilities through threat intelligence sharing and targeted outreach.
- Combat Hate Crimes and Other Bias-Related Incidents: The Department will continue to combat and deter unlawful acts of hate, including by improving incident reporting, increasing law enforcement training and coordination at all levels of government, prioritizing community outreach, and making better use of civil enforcement mechanisms.

Data Collection and Analysis Limitations

- Deter Violent Crime: Through innovation and partnerships, the Department will lead the law enforcement community to embody a culture that uses data-driven and risk-informed decision-making.
- Advance Equal Access to Justice: The Department of Justice will use innovative and community-centered approaches to improve research and data collection to better understand access-to-justice gaps and better gauge whether programs are effective, equitable, and accessible.
- Implement a Comprehensive Strategy to Advance Environmental Justice: The Department will prioritize the development of effective short- and long-term strategies for reducing environmental and public health burdens in overburdened and underserved low-income communities, communities of color, and Tribal and indigenous communities. The Department will improve data collection from federal grant recipients to support our enforcement activities.

Fragmentation and Globalization of Threats

- Counter Foreign and Domestic Threats: The Justice Department will support law enforcement at all levels as we work to protect our country from foreign and domestic terrorism, while also zealously guarding civil liberties and ensuring our own accountability to the American people.

Impact of Technology

- Improve Cybersecurity to Combat Cybercrime: The Department will bolster its interagency and international collaborations to aid attribution, defend networks, sanction bad behavior, and otherwise deter or disrupt cyber adversaries in the United States and overseas.
- Disrupt the Emergence of New Security Vulnerabilities: Ransomware attacks cause financial losses and other harms to targeted governments, critical infrastructure, and industries. The Department will enhance its efforts to combat ransomware attacks by increasing the number of ransomware seizures or forfeitures.

Workforce

- Foster a High-Performing Workforce that Represents the Public We Serve: The Department will take a strategic and innovative approach to updating its management structure, training, and collaboration; to modernizing its technology; and to promoting diversity and ensuring equal employment opportunity.
- Address Post Pandemic-Related Challenges: The Department's leadership is managing challenges and risks that arose during the pandemic. The Department continues to monitor the evolving situation and will implement action plans to mitigate risks to staff and the public.

Climate-Related Risks and Response

DOJ is committed to contributing to the Federal government's leadership role in combating the climate crisis by integrating the most current climate science and assessment of climate-related risks into the management of its procurement, real property, and financial programs. In response to *Executive Order 14008*, DOJ prepared a Climate Action Plan that commits the Department to continue pursuing activities to bolster DOJ's adaptive capacity, enhance climate literacy, and ensure climate-ready facilities and a climate-ready supply of products and services. When assessing climate-related risks, DOJ considers the following risks of primary concern. Links to the most recent *Climate Action Plan and Sustainability Report* can be found in Section III, Climate-Related Financial Risks.

Assessing and Mitigating Climate-Related Risks to Physical Assets

In 2023, DOJ sought to stand up a new streamlined method for components to use in assessing their physical assets, specifically real property, for exposure to current and future climate hazards. The DOJ Climate Resilience Dashboard is a Geographic Information System (GIS) based application, allowing users to visually determine a facility's exposure to seven different climate hazards, and will be released early next fiscal year. The Dashboard will support federal planning and reporting requirements as well as internal component-level assessment initiatives and can be seen as an ongoing effort to improve climate vulnerability assessments of the Department's physical assets.

During the fiscal year, DOJ analyzed, compiled, and distributed the results of the Facility Climate Hazard Assessment Tool (F-CHAT) through an internal Summary Report to components, including a resource document: *Facility Climate Resiliency and Adaptation Strategies*. F-CHAT facilitates a standardized approach for evaluating the potential exposure of DOJ real property assets to a range of current and potential future climate hazards, including coastal and riverine flooding, extreme heat, drought, and hurricanes.

DOJ's Supply Chain

In 2023, the Department compiled and distributed an outreach document *Fortifying the Resilience of DOJ's Supply Chain*, validating from components the most critical supplies and services, documenting lessons learned, findings, resources, and recommendations for enhancing the resiliency in the face of climate change. Among the recommendations and action items for DOJ include updating the department-wide *Environmental and Sustainability Management Policy Statement*, standardizing DOJ policy addressing green purchasing and climate-related issues for consistency, and further coordination with the Interagency Forum on Climate Risks (focusing on supply chain resiliency). DOJ seeks to use more best-value procurement, which will increase the reliability and continuous access to services required and review commodities and service contracts for clauses pertaining to pandemics, extreme weather events, and other emergencies.

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SECTION II: FINANCIAL SECTION

In This Section:

32	Overview
34	Office of the Inspector General Commentary and Summary
35	Independent Auditors' Report
44	Principal Financial Statements
50	Notes to the Principal Financial Statements
107	Required Supplementary Information <i>(Unaudited)</i>
108	Deferred Maintenance and Repairs
109	Combining Statement of Budgetary Resources
111	Land Acreage
112	Other - Consolidating & Combining Statements <i>(Unaudited)</i>

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Section II

Financial Section

Overview

The Department’s financial statements have been prepared to report the financial position, results of operations, net position, budgetary resources, and custodial activity of the Department pursuant to the *CFO Act*, the *Government Management Reform Act of 1994 (GMRA)*, and the format suggested in *OMB A-136*. This data outlines not only the costs of programs, but also the costs of achieving individual results by major programs. The following section provides the Statements of Net Cost by Major Program for the DOJ, and it is aligned directly with the goals and objectives in the Department’s *Strategic Plan* and *Annual Performance Plan (APP)*.

Following the Office of the Inspector General’s Commentary and Summary, and the Independent Auditors’ Report are the following financial statements:

Consolidated Balance Sheets – Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2023 and 2022.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2023 and 2022. The Department’s net cost of operations includes the gross costs incurred by the Department less any exchange revenue earned from Department activities.

Consolidated Statements of Changes in Net Position – Presents the change in the Department’s net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues, and other financing sources for the fiscal years ended September 30, 2023 and 2022.

Combined Statements of Budgetary Resources – Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2023 and 2022.

Combined Statements of Custodial Activity – Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2023 and 2022.

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COMMENTARY AND SUMMARY

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2023

Objectives

Pursuant to Section 304(a) of the Chief Financial Officers Act of 1990, as expanded by Section 405(b) of the Government Management Reform Act of 1994, the Department of Justice (Department) Office of the Inspector General (OIG) contracted with an independent auditor to perform an audit of the Department's annual financial statements.

The objectives of the audit were to opine on the financial statements; report on internal control over financial reporting; and report on compliance and other matters, including compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA).

Results in Brief

KPMG LLP (KPMG) found that the Department's financial statements are fairly presented as of and for the year ended September 30, 2023, and issued an unmodified opinion. KPMG identified one material weakness in the Independent Auditors' Report and did not report any instances of non-compliance.

The OIG reviewed KPMG's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached Independent Auditors' Report dated November 15, 2023, and the conclusions expressed in the report. Our review disclosed no instances where KPMG did not comply, in all material respects, with Government Auditing Standards.

Recommendations

KPMG provided the Department four recommendations to improve its financial management and reporting controls, and risk assessment process.

Audit Results

The fiscal year (FY) 2023 audit resulted in an unmodified opinion on the financial statements. An unmodified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in accordance with U.S. generally accepted accounting principles. For FY 2022, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report Number 23-037).

Although substantial progress was made, the material weakness that was identified in last year's Independent Auditors' Report—which related to financial management and reporting controls, and risk assessment controls, at the Federal Bureau of Prisons and the Department—continues to exist. Additionally, in FY 2023, deficiencies were identified in the OBD's financial management and reporting controls that further contributed to this material weakness. No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards. KPMG's tests disclosed no instances in which the Department's financial management systems did not substantially comply with FFMIA.

The Department's financial statements are comprised of nine reporting entities as described in Note 1.A. to the financial statements. Three of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund; Federal Bureau of Investigation; and Federal Prison Industries, Inc.) also prepare separate audited annual financial statements, which are available on the OIG's website shortly after issuance.



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of net cost, changes in net position, and combined statements of budgetary resources, and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2023 and 2022, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the U.S. Department of Justice's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted the amount of deferred maintenance that U.S. generally accepted accounting principles require to be presented to supplement the basic consolidated financial statements. Such missing information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic consolidated financial statements is not affected by this missing information.



Other Information

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

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2023, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Exhibit I, we identified certain deficiencies in internal control that we consider to be a material weakness.

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

Exhibit II presents the status of the prior year's recommendations.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2023 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-01.

We also performed tests of the Department's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially



comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Department’s Response to Finding

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

Purpose of the Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 15, 2023

Material Weakness

This section contains our discussion of the material weakness that we identified in internal control over financial reporting.

Improvements are Needed in Financial Management and Reporting Controls, and Risk Assessment Process

Substantial progress was made to remediate the prior year material weakness; however, the deficiencies related to financial management and reporting controls, and risk assessment controls, at the Federal Bureau of Prisons (BOP) and the U.S. Department of Justice (Department) continued to exist in fiscal year (FY) 2023. Additionally, deficiencies were identified in the Offices, Boards and Divisions (OBDs) financial management and reporting controls in FY 2023.

Despite continued challenges in hiring, the BOP took significant steps towards addressing the prior year deficiencies, including analyzing changes in its business processes; training financial management personnel; and beginning the design and implementation of controls, including identifying the information and reports needed for the operation of the controls. However, due to the magnitude of the changes, the BOP's financial management controls have not yet reached a level of precision or maturity to operate consistently, and BOP personnel had insufficient opportunities to execute the controls subsequent to the training provided earlier in the fiscal year. Specifically, certain internal controls over financial reporting were not operating effectively to prevent or detect errors and ensure timely recording of transactions. Management did not timely and accurately record accounts payable accruals and related non-personnel expenses, and the de-obligations of certain contracts. As a result of the deficient controls, undelivered orders were overstated by a factual error of \$15 million and a most likely error of \$124 million.

The Department fully implemented an accounting policy change related to capitalization thresholds for general property, plant, and equipment (PP&E) without performing a comprehensive risk-based analysis of the impact based on the nature of their assets and future planned improvements. While BOP management followed the Department's capitalization policy as directed, due to insufficient communication between BOP and the Department and delays in recording the adjustments, material inconsistencies from previous analyses were not identified. Before management's correction related to PP&E, the effect of the deficiencies was an understatement of \$860 million to gross PP&E, and \$194 million to net PP&E. In addition, gross costs were misstated by a net value of \$200 million, consisting of a \$376 million overstatement and \$176 million understatement.

Deficiencies in existing controls over OBDs' financial management and reporting processes were due to the Department's insufficient risk assessment and monitoring of this component. As a result of the deficient controls, material errors totaling over \$5 billion in certain financial statement captions and note disclosures were not detected in a timely manner. Prior to management's corrections, the effect of the deficiencies included (1) misstatements of \$2.084 billion in two captions on the Statement of Custodial Activity; (2) an overstatement to total entity assets and an understatement to total non-entity assets of \$1.261 billion; (3) an overstatement to unapportioned, unexpired accounts and an understatement to apportioned, unexpired accounts by \$737 million, which was partially offset by an overstatement related to spending authority from offsetting collections of \$237 million; (4) misstatements between Federal entities in the disposition of collections on the Statement of Custodial Activity of \$325 million; and (5) other misstatements between the financial statements and related notes totaling \$423 million.

As a result of the above deficiencies, there is a reasonable possibility that a material misstatement in the Department's financial statements would not be prevented or detected and corrected on a timely basis.

Criteria:

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* defines management's responsibility for internal control. Relevant sections include: Principle 4 – Demonstrate Commitment to Competence; Principle 9 – Identify, Analyze, and Respond to Change; Principle 10 – Design Control Activities; Principle 16 – Perform Monitoring Activities; and Principle 17 – Evaluate and Remediate Deficiencies.

The Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 6: *Accounting for Property, Plant, and Equipment* provides the requirements for reporting PP&E including capitalization thresholds.

Recommendations:

We recommend that the:

1. Department and BOP continue to recruit and retain individuals with relevant financial management and/or accounting skills, and train existing resources on financial management standards, concepts, policies, and procedures. *(Repeat)*

Management Response:

Management concurs with the recommendation. The Department has initiated actions based on implementation of the DOJ Strategic Plan Strategic Goal 1: Uphold the Rule of Law Objective 1.2: Promote Good Government by updating internal guidance, best practices, and policies related to outreach, recruitment, and hiring. The Department and BOP will continue recruitment of individuals with accounting and financial management skills. The BOP will enhance the training of those individuals in the areas of internal control and transaction processing.

2. BOP continue to enhance the design and implementation of process level controls to be more specific in how the control should be performed, including standard criteria to consider in the performance of the control and sufficiently document the control so it can be consistently performed. Once controls are fully designed and implemented, the BOP should monitor the operating effectiveness of the controls. *(Updated)*

Management Response:

Management concurs with the recommendation. The BOP will continue to review the internal control environments to support design and implementation of an improved internal control system.

3. Department design and implement a control for the Department and the components to monitor and evaluate significant changes to operations or financial reporting processes that will identify and respond to financial reporting risks, such as the adoption of new accounting policies and procedures, and implementations and conversions of financially relevant systems. *(Repeat)*

Management Response:

Management concurs with the recommendation. The Department will assess and implement controls to address reporting risks associated with changes to accounting standards and implementation of new systems.

4. Department assess reconciliation, financial reporting review, and other monitoring controls to increase the precision with which period end financial reporting is performed, including the identification and investigation of significant variances for all financial statements. *(New)*

Management Response:

Management concurs with the finding. The Department will enhance our internal control reviews over month and quarter end component financial reporting and operations to identify and investigate significant variances.

STATUS OF PRIOR YEAR'S RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, we have evaluated whether the Department has taken the appropriate corrective action to address the recommendations from the prior year's financial statements audits. The following table provides the status of the recommendations as of the end of FY 2023.

Report	Recommendations	Status
Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2022 Report No. 23-037	Recommendation No. 1: Department and BOP continue to recruit individuals with relevant financial management and/or accounting skills, and train existing resources on financial management standards, concepts, policies, and procedures.	In Process
	Recommendation No. 2: BOP perform a robust analysis of changes to internal control conditions including an analysis of business and accounting operations; and prepare a sufficient response to those changes through revisions to the internal control system.	In Process (Updated by FY 2023 Recommendation No. 2)
	Recommendation No. 3: BOP finalize information needed to perform processes and controls and create system-generated reports with necessary information to execute controls, including processing data into quality information to support the internal controls system and communicate quality information within the organization to enable authorized personnel to perform key roles, address risks, and support the internal control system.	In Process (Updated by FY 2023 Recommendation No. 2)
	Recommendation No. 4: Department design and implement a control for the Department and the components to monitor and evaluate significant changes to operations or financial reporting processes that will identify and respond to financial reporting risks, such as the adoption of new accounting policies and procedures, and implementations and conversions of financially relevant systems.	In Process

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U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2023 and 2022

Dollars in Thousands	2023	2022
ASSETS (Note 2)		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 3)	\$ 36,853,673	\$ 34,234,439
Investments, Net (Note 5)	6,451,424	3,136,559
Accounts Receivable (Note 6)	656,923	671,969
Advances and Prepayments	148,097	158,820
Other Assets (Note 10)	55,914	58,161
Total Intragovernmental Assets	<u>\$ 44,166,031</u>	<u>\$ 38,259,948</u>
Other than Intragovernmental Assets:		
Cash and Other Monetary Assets (Note 4)	\$ 3,281,573	\$ 1,412,310
Accounts Receivable, Net (Note 6)	1,451,133	2,225,793
Inventory and Related Property, Net:		
Forfeited Property, Net (Note 8)	105,996	95,062
Inventory and Related Property, Net (Note 7)	128,215	120,361
General Property, Plant and Equipment, Net (Note 9)	7,766,789	8,265,779
Advances and Prepayments	501,449	502,293
Other Assets (Note 10)	337	598
Total Other than Intragovernmental Assets	<u>\$ 13,235,492</u>	<u>\$ 12,622,196</u>
Total Assets	<u>\$ 57,401,523</u>	<u>\$ 50,882,144</u>
LIABILITIES (Note 11)		
Intragovernmental Liabilities:		
Accounts Payable	\$ 411,248	\$ 424,125
Advances from Others and Deferred Revenue	224,459	202,074
Other Liabilities:		
Custodial Liabilities (Note 21)	1,367,232	2,578,143
Other (Note 15)	652,596	607,469
Total Intragovernmental Liabilities	<u>\$ 2,655,535</u>	<u>\$ 3,811,811</u>
Other than Intragovernmental Liabilities:		
Accounts Payable	\$ 2,763,274	\$ 2,658,677
Federal Employee Benefits Payable	2,752,758	2,673,387
Environmental and Disposal Liabilities (Note 12)	86,017	83,390
Advances from Others and Deferred Revenue	968,378	922,395
Other Liabilities:		
Accrued Grant Liabilities	825,428	821,239
Seized Cash and Monetary Instruments (Note 14)	4,752,101	2,877,233
Radiation Exposure Compensation Act Liabilities (Note 25)	48,779	155,437
September 11 th Victim Compensation Fund Liabilities (Note 25)	2,981,356	3,580,103
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	3,320,721	208,803
Other (Note 15)	1,573,654	1,550,672
Total Other than Intragovernmental Liabilities	<u>\$ 20,072,466</u>	<u>\$ 15,531,336</u>
Total Liabilities	<u>\$ 22,728,001</u>	<u>\$ 19,343,147</u>
Commitments and Contingencies (Note 16)		
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ 3,037,054	\$ (1,444)
Unexpended Appropriations - Funds from other than Dedicated Collections	22,044,459	19,924,921
Total Unexpended Appropriations	<u>\$ 25,081,513</u>	<u>\$ 19,923,477</u>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	6,205,000	8,438,893
Cumulative Results of Operations - Funds from other than Dedicated Collections	3,387,009	3,176,627
Total Cumulative Results of Operations	<u>\$ 9,592,009</u>	<u>\$ 11,615,520</u>
Total Net Position	<u>\$ 34,673,522</u>	<u>\$ 31,538,997</u>
Total Liabilities and Net Position	<u>\$ 57,401,523</u>	<u>\$ 50,882,144</u>

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

U. S. Department of Justice
 Consolidated Statements of Net Cost
 For the Fiscal Years Ended September 30, 2023 and 2022

Dollars in Thousands	2023	2022
Major Program 1: Law Enforcement		
Gross Cost	\$ 21,330,228	\$ 20,037,741
Less: Earned Revenues	1,446,732	902,669
Subtotal Net Cost of Operations	<u>\$ 19,883,496</u>	<u>\$ 19,135,072</u>
Major Program 2: Litigation and Compensation		
Gross Cost	\$ 11,786,496	\$ 6,533,249
Less: Earned Revenues	412,031	372,562
Subtotal Net Cost of Operations	<u>\$ 11,374,465</u>	<u>\$ 6,160,687</u>
Major Program 3: Prisons and Detention		
Gross Cost	\$ 12,534,361	\$ 11,221,607
Less: Earned Revenues	947,520	673,486
Subtotal Net Cost of Operations	<u>\$ 11,586,841</u>	<u>\$ 10,548,121</u>
Major Program 4: Grants		
Gross Cost	\$ 5,810,909	\$ 5,418,830
Less: Earned Revenues	21,148	14,098
Subtotal Net Cost of Operations	<u>\$ 5,789,761</u>	<u>\$ 5,404,732</u>
Major Program 5: Executive Oversight and Enterprise Technology		
Gross Cost	\$ 2,600,987	\$ 2,168,339
Less: Earned Revenues	483,925	974,301
Subtotal Net Cost of Operations	<u>\$ 2,117,062</u>	<u>\$ 1,194,038</u>
Total Net Cost of Operations	<u>\$ 50,751,625</u>	<u>\$ 42,442,650</u>

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

U.S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022

Dollars in Thousands

	2023			
	Funds from Dedicated Collections (Note 17)	Funds from other than Dedicated Collections	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ (1,444)	\$ 19,924,921	\$ —	\$ 19,923,477
Appropriations Received	5,707,596	41,176,859	—	46,884,455
Appropriations Transferred-In/Out	—	433,693	—	433,693
Other Adjustments	(406)	(414,339)	—	(414,745)
Appropriations Used	(2,668,692)	(39,076,675)	—	(41,745,367)
Net Change in Unexpended Appropriations	\$ 3,038,498	\$ 2,119,538	\$ —	\$ 5,158,036
Total Unexpended Appropriations	\$ 3,037,054	\$ 22,044,459	\$ —	\$ 25,081,513
Cumulative Results of Operations				
Beginning Balances	\$ 8,438,893	\$ 3,176,627	\$ —	\$ 11,615,520
Other Adjustments	(500,000)	(100,086)	—	(600,086)
Appropriations Used	2,668,692	39,076,675	—	41,745,367
Nonexchange Revenues	1,982,718	560	—	1,983,278
Donations and Forfeitures of Cash and Cash Equivalents	3,007,157	681	—	3,007,838
Transfers-In/Out Without Reimbursement	(24,051)	692,651	—	668,600
Donations and Forfeitures of Property	224,397	—	—	224,397
Imputed Financing (Note 19)	63,624	1,665,104	(16,515)	1,712,213
Other	1	(13,494)	—	(13,493)
Net Cost of Operations	(9,656,431)	(41,111,709)	16,515	(50,751,625)
Net Change in Cumulative Results of Operations	(2,233,893)	210,382	—	(2,023,511)
Total Cumulative Results of Operations	\$ 6,205,000	\$ 3,387,009	\$ —	\$ 9,592,009
Net Position	\$ 9,242,054	\$ 25,431,468	\$ —	\$ 34,673,522

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

U.S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022

Dollars in Thousands

	2022			
	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 2,877	\$ 17,889,713	\$ —	\$ 17,892,590
Appropriations Received	1,356	38,071,523	—	38,072,879
Appropriations Transferred-In/Out	—	1,092,113	—	1,092,113
Other Adjustments	—	(771,525)	—	(771,525)
Appropriations Used	(5,677)	(36,356,903)	—	(36,362,580)
Net Change in Unexpended Appropriations	\$ (4,321)	\$ 2,035,208	\$ —	\$ 2,030,887
Total Unexpended Appropriations	\$ (1,444)	\$ 19,924,921	\$ —	\$ 19,923,477
Cumulative Results of Operations				
Beginning Balances	\$ 10,508,107	\$ 3,712,331	\$ —	\$ 14,220,438
Other Adjustments	(127,000)	(234,839)	—	(361,839)
Appropriations Used	5,677	36,356,903	—	36,362,580
Nonexchange Revenues	866,418	621	—	867,039
Donations and Forfeitures of Cash and Cash Equivalents	1,364,899	275	—	1,365,174
Transfers-In/Out Without Reimbursement	(601,033)	522,793	—	(78,240)
Donations and Forfeitures of Property	420,818	—	—	420,818
Imputed Financing (Note 19)	39,327	1,250,715	(15,798)	1,274,244
Other	(8)	(12,036)	—	(12,044)
Net Cost of Operations	(4,038,312)	(38,420,136)	15,798	(42,442,650)
Net Change in Cumulative Results of Operations	(2,069,214)	(535,704)	—	(2,604,918)
Total Cumulative Results of Operations	\$ 8,438,893	\$ 3,176,627	\$ —	\$ 11,615,520
Net Position	\$ 8,437,449	\$ 23,101,548	\$ —	\$ 31,538,997

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

U.S. Department of Justice
 Combined Statements of Budgetary Resources
 For the Fiscal Years Ended September 30, 2023 and 2022

Dollars in Thousands	2023	2022
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 20)	\$ 11,965,777	\$ 11,891,437
Appropriations (discretionary and mandatory)	52,846,439	43,012,364
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,141,631	5,032,258
Total Budgetary Resources	<u>\$ 69,953,847</u>	<u>\$ 59,936,059</u>
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	\$ 56,254,722	\$ 50,145,703
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	11,994,847	7,937,039
Exempt from Apportionment, Unexpired Accounts	340,687	305,150
Unapportioned, Unexpired Accounts	277,250	323,169
Unexpired Unobligated Balance, End of Year	12,612,784	8,565,358
Expired Unobligated Balance, End of Year	1,086,341	1,224,998
Unobligated Balance - End of Year (Total)	13,699,125	9,790,356
Total Status of Budgetary Resources	<u>\$ 69,953,847</u>	<u>\$ 59,936,059</u>
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	\$ 46,146,549	\$ 40,917,136
Less: Distributed Offsetting Receipts	1,194,317	883,432
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 44,952,232</u>	<u>\$ 40,033,704</u>

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

U.S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2023 and 2022

Dollars in Thousands	2023	2022
Total Custodial Revenue		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	\$ 6,734,662	\$ 4,378,795
Fees and Licenses	126,371	121,040
Miscellaneous	5,193	4,994
Total Cash Collections	<u>\$ 6,866,226</u>	<u>\$ 4,504,829</u>
Accrual Adjustments	<u>(1,023,964)</u>	<u>2,081,903</u>
Total Custodial Revenue (Note 21)	5,842,262	6,586,732
Disposition of Collections		
Transferred to Federal Agencies		
Government Printing Office	(5)	(7)
The Judiciary	(84,738)	(109,186)
U.S. Department of Agriculture	(169,756)	(45,948)
U.S. Department of Commerce	(17,047)	(10,720)
U.S. Department of the Interior	(550,361)	(585,035)
U.S. Department of Justice	(273,757)	(554,680)
U.S. Department of Labor	(10,747)	(31,242)
Pension Benefit Guaranty Corporation	—	(106)
U.S. Postal Service	(2,940)	(13,327)
U.S. Department of State	(367)	(2,802)
U.S. Department of the Treasury	(585,251)	(563,964)
Office of Personnel Management	(2,931)	(35,568)
Federal Communications Commission	(1,258)	(420)
Social Security Administration	(316)	(567)
Federal Trade Commission	(318,566)	(162,373)
Smithsonian Institution	—	(2)
International Trade Commission	(5,147)	—
U.S. Department of Veterans Affairs	(25,314)	(25,435)
Equal Employment Opportunity Commission	(1)	—
General Services Administration	(2,628)	(1,435)
National Science Foundation	(62)	(1,755)
Federal Deposit Insurance Corporation	(125)	(128)
National Endowment For the Humanities	(34)	(14)
Railroad Retirement Board	(172)	(452)
Tennessee Valley Authority	(937)	—
Environmental Protection Agency	(182,519)	(314,173)
U.S. Department of Transportation	(18,457)	(4,496)
U.S. Department of Homeland Security	(163,867)	(244,157)
Agency for International Development	—	(312)
Small Business Administration	(8,770)	(8,270)
U.S. Department of Health and Human Services	(1,647,589)	(1,202,178)
United States Intl Development Finance Corporation	(33)	(33)
National Aeronautics and Space Administration	(5,386)	(4,070)
Export-Import Bank of the United States	(1,074)	(1,411)
U.S. Department of Housing and Urban Development	(36,161)	(26,952)
U.S. Department of Energy	(1,530)	(7,109)
U.S. Department of Education	(2,857)	(21,526)
Commodities Futures Trading Commission	(115)	(88)
Corporation of National & Community Services	(316)	(2,205)
Federal Reserve Board	(3)	(6)
Treasury General Fund	(1,796,590)	(306,674)
U.S. Department of Defense	(373,067)	(94,339)
Transferred to the Public	(630,973)	(277,574)
(Increase)/Decrease in Amounts Yet to be Transferred	1,278,995	(1,808,272)
Increase/(Decrease) in Refunds Payable and Other Liabilities	(8,296)	(6,463)
Retained by the Reporting Entity	<u>(191,194)</u>	<u>(111,258)</u>
Total Disposition Of Collections	(5,842,262)	(6,586,732)
Net Custodial Activity	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

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

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 1. Summary of Significant Accounting Policies**A. Reporting Entity**

The DOJ (Department) has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the U.S. Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Federal Bureau of Prisons (BOP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Federal Prison Industries, Inc. (FPI)
- Offices, Boards and Divisions (OBDs)
- Office of Justice Programs (OJP)
- U.S. Marshals Service (USMS)

B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the FASAB and presentation guidelines in the *OMB A-136*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Liabilities, as defined by *OMB A-136*, have been disaggregated on the Consolidated Balance Sheets. These include Custodial Liabilities; Accrued Grant Liabilities; Seized Cash and Monetary Instruments; Radiation Exposure Compensation Act Liabilities (RECA); September 11th Victim Compensation Fund Liabilities; and USVSSTF Liabilities. Additionally, Inventory and Related Property, Net have been disaggregated on the Consolidated Balance Sheets to identify Forfeited Property, Net, and Inventory and Related Property, Net.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****C. Basis of Consolidation**

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, ATF, BOP, DEA, FBI, FPI, OBDs, OJP, and USMS. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2023 and 2022, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and is self-sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level. Additionally, FPI's revenues are primarily derived from the sale of products and services to other federal departments, agencies, and government institutions that purchase products listed on FPI's Schedule of Products.

Custodial activity reported on the Combined Statements of Custodial Activity, reports revenue from cash collections separately from receivable accruals, and cash disbursements are reported separately from payable accruals. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. The accrual adjustment recorded on the Statements of Custodial Activity recognizes custodial accounts receivable, adjusts cash collections, and refund disbursements with the net increase or decrease of accrued non-entity accounts receivables, net of uncollectible amounts, and refunds payable at year-end.

Proprietary and budgetary accounting are complementary; however, both the types of information presented, and the timing of their recognition are sometimes different. Information is therefore needed about the differences between proprietary and budgetary accounting, which is accomplished in part by presenting a Reconciliation of Net Cost to Net Outlays, Note 22. This reconciliation helps explain and clarify how proprietary basis of accounting Net Cost of Operations (cash and non-cash transactions) for the fiscal year relates to budgetary basis of accounting Outlays/Disbursements, Net (cash transactions) for the fiscal year and the reconciling items between the two.

The financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

E. Non-Entity Assets

Non-entity assets are not available for use by the Department and consist primarily of restricted undisbursed civil and criminal debt collections, seized cash, investments of seized cash, accounts receivable, and other monetary assets.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****F. Fund Balance with Treasury and Cash and Other Monetary Assets**

Funds with the Department of the Treasury (Treasury) represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

G. Investments

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

The AFF, the U.S. Trustee System Fund, the USVSSTF, and the Federal Prison Commissary Fund are four Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

Treasury securities are issued to the funds as evidence of fund receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by funds from dedicated collections are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

The *United States Victims of State Sponsored Terrorism Act*, codified at 34 U.S.C. § 20144, states that the USVSSTF shall be invested in the same manner as a trust fund and authorizes the Treasury to manage the investment of the USVSSTF. The DOJ notifies the Treasury promptly of amounts deposited to the USVSSTF in order to ensure that Treasury may invest such receipts in the account. Treasury, in its administrative discretion, determines how the USVSSTF will be invested, to ensure that the securities purchased for the USVSSTF will have maturities suitable to the needs of the USVSSTF. Interest revenue on investments will be reported on an accrual basis.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****H. Accounts Receivable**

Net accounts receivable includes reimbursement and refund receivables due from intragovernmental entities and other than intragovernmental entities, less the allowance for doubtful accounts. Intragovernmental accounts receivable primarily represent amounts due from other federal agencies for reimbursable work performed pursuant to the *Economy Act* and other statutory authority. Claims with other federal agencies are resolved in accordance with the business rules published in *Appendix 10 of Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700*. In this regard, most intragovernmental accounts receivable are considered fully collectible, certain custodial activities being an exception. Other than intragovernmental accounts receivable primarily represent claims or damages owed to others, related to violations of laws or regulations, which DOJ is considered the collecting or custodial entity. The allowance for doubtful accounts for other than intragovernmental receivables, including custodial activities, is estimated based on past collection experience and analysis of outstanding receivable balances at year-end.

For Custodial Accounts Receivable, DOJ applies the accounting provisions of the *Statement of Federal Financial Accounting Standards (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, as amended*, and *SFFAS No. 1, Accounting for Selected Assets and Liabilities*. *SFFAS No. 7* requires that “nonexchange revenue should be measured by the collecting entities, but should be recognized by the entities legally entitled to the revenue (the recipient entities).” Further, *SFFAS No. 1*, relating to accounts receivable, defines “measurement” as the “process of expressing an asset or liability in monetary units.” The accrual adjustment consists of accounts receivable, the allowance for uncollectible amounts, and liability for refunds. Additional details regarding the Department’s custodial non-exchange activities are provided in Note 21, Custodial Revenues.

I. Inventory and Related Property

Inventory is primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work-in-Process, and Finished Goods. These categories are generally defined as follows: Raw Materials consist of materials that have been acquired and are available for the production cycle, Work-in-Process is composed of materials that have moved into the production process and have some measurable amount of labor and overhead added, and Finished Goods are materials with added labor and overhead that have completed the production cycle and are awaiting sale to customers.

Raw material inventory is valued at moving average costs. Inventories are valued at the lower cost or net realizable value (LCNRV) and include materials, labor, and manufacturing overhead. Net realizable value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. The Department values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. The Department has established inventory allowances to account for LCNRV adjustments and excess, obsolete, or unserviceable inventory items that may not be utilized in future periods.

Additional inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commissary sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 1. Summary of Significant Accounting Policies (continued)

J. General Property, Plant and Equipment

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

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

An exception to the Department’s standard capitalization thresholds provides Revolving, Working Capital, and Trust Fund entities the option to establish its own capitalization thresholds for G-PP&E and Internal Use Software. If this option is exercised, the thresholds must not conflict with the standard capitalization thresholds, but may be more restrictive, at the discretion of the entity. Federal Prison Industries, Inc., a revolving fund, exercised this option and established a threshold to capitalize personal property acquisition costs exceeding \$10.

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

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and funds disbursed to finance operations that exceed the total expenditures incurred. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. The property is recorded at the estimated market value at the time of forfeiture and is adjusted at the time of disposal, or as needed by management. The value of the property is reduced by the estimated liens of record. The amount ultimately realized from the forfeiture and disposition of these assets could differ from the amounts initially reported. The proceeds from the sale of forfeited property are deposited in the AFF.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 1. Summary of Significant Accounting Policies (continued)

L. Forfeited and Seized Property (continued)

Market value of seized and forfeited property is determined by the following:

Asset Type	Valuation Documentation
Cash/Currency, Monetary Instruments	Copy of Check, cash management company (e.g., Brinks) receipt, EFT, wire confirmation, in accordance with DOJ policy
Financial Instruments	Web-based valuation tools, financial market, account statement, other sources in accordance with DOJ policy
Digital Assets	Web-based valuation tools (e.g., CoinMarketCap.com) and other sources in accordance with DOJ policy
Vehicles	National Automobile Dealers Association (NADA) or Kelley Blue Book value in accordance with DOJ policy
Real Property	Real Property Appraisal/Broker's Price Opinion (BPO)
Other Valued Assets	Professional appraisal, web-based valuation tools (e.g., Usedprice.com), other source in accordance with DOJ policy

Seized property is property that the government has taken possession of, in consequence of an alleged violation of public law. Seized property can include cash and monetary instruments, digital assets, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency.

Most seized property is held by the USMS from the point of seizure until its disposition. In certain cases, the investigative agency will keep seized property in its custody if the intention is to place the property into official use after forfeiture or to use the property as evidence in a court proceeding. This property is valued at fair market value upon seizure, or, as soon as reasonably possible when market value could not be readily determined. Seized cash and monetary instruments are presented as assets with offsetting liabilities on the Consolidated Balance Sheets. Seized property other than cash and monetary instruments are only presented in the notes to the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****M. Digital Assets**

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

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

N. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as Liabilities not Covered by Budgetary Resources, Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year.

Accounts payable recorded under liabilities are amounts owed by DOJ for goods and services received. When DOJ accepts title to goods, whether the goods are delivered or in transit, or incurs costs for services received, DOJ recognizes a liability for the unpaid amount of the goods and services. If invoices for those goods and services are not available when the financial statements are prepared, the amounts owed are estimated. Intragovernmental accounts payable consists of amounts owed to other Federal Government agencies for goods and services received. The remaining accounts payable consist of amounts due to the public.

O. Accrued Grant Liabilities

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. The OBDs and OJP accrue a liability for expenditures incurred by grantees prior to receiving grant funds for expenditures. The amount to be accrued is determined through an analysis of historic grant expenditures. These estimates are based on the most current information available at the time the financial statements are prepared.

Estimates for the grant accrual contain assumptions that have an impact on the Consolidated financial statements. The key assumptions used in the grant accrual are: grantees have consistent spending patterns throughout the life of the grant, grantees will drawdown throughout the life of the grant, and the grant has a determined end date. The primary elements of these assumptions include, but are not limited to, type of grant that has been awarded, grant period, accounting basis used by the grantees, and the grant expenditure rate.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****P. Commitments and Contingencies**

The Department is involved in various administrative proceedings, legal actions, and claims. Legal actions where management and the Chief Counsel consider adverse decisions “probable” or “reasonably possible” and the amounts are reasonably estimable are disclosed in Commitments and Contingencies, Note 16. However, there are cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated, or the likelihood of an unfavorable outcome is considered “remote”. Where adverse decisions are considered “probable,” the Department considers those liabilities current as claims are generally paid shortly after settlement.

Q. Annual, Sick, and Other Leave

Annual and compensatory unfunded leave is expensed with an offsetting liability as it is earned, and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory unfunded leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

R. Interest on Late Payments

Pursuant to the *Prompt Payment Act*, 31 U.S.C. § 3901-3907, the Department pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

S. Retirement Plan

With few exceptions, employees of the Department are covered by one of the following retirement programs:

- 1) Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). The Department contributes 7% of the gross pay for regular employees and 7.5% for law enforcement officers.
- 2) Employees hired January 1, 1984 or later, are covered by the Federal Employees Retirement System (FERS):
 - a. Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The Department contributes 18.4% of the gross pay for regular employees and 37.6% for law enforcement officers.
 - b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 16.6% of the gross pay for regular employees and 35.8% for law enforcement officers.
 - c. Employees hired January 1, 2014 or later are covered by the Federal Employees System-Further Revised Annuity Employees (FERS-FRAE). The Department contributes 16.6% of the gross pay for regular employees and 35.8% for law enforcement officers.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****S. Retirement Plan (continued)**

All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, FERS-RAE and FERS-FRAE, a TSP account is automatically established to which the Department is required to contribute an additional 1% of gross pay and match employee contributions up to 4%. No government contributions are made to the TSP accounts established by the CSRS employees.

The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). *SFFAS No. 5, Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 19, Imputed Financing, for additional details.

T. Federal Employee Compensation Benefits

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributed to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting federal government liability is then distributed by agency. The Department's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period. The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

Accrued Liability: The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****U. Intragovernmental Activity**

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

V. Revenues and Other Financing Sources

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures.

Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in. Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered.

Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department’s exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; fees for providing fingerprint-based and name-based Criminal History Record Information checks and other identification; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department’s nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts attributable to the collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes, and AFF/SADF interest on investments with the Treasury.

The Department’s deferred revenue includes licenses issued by DEA that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

Note 1. Summary of Significant Accounting Policies (continued)**W. Funds from Dedicated Collections**

SFFAS No. 43, Funds from Dedicated Collections: Amending SFFAS No. 27, Identifying and Reporting Earmarked Funds, defines Funds from Dedicated Collections as being financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenues. The three required criteria for a fund from dedicated collections are:

- 1) A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes;
- 2) Explicit authority for the funds to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
- 3) A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government's general revenues.

The following funds meet the definition of a fund from dedicated collections: Assets Forfeiture Fund, U.S. Trustee System Fund, Antitrust Division, U.S. Victims of State Sponsored Terrorism Fund, Crime Victims Fund (CVF), Domestic Trafficking Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****X. Allocation Transfer of Appropriation**

The Department is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Two exceptions to this general rule affecting the Department include the funds transferred from the Judicial Branch to the USMS, and funds transferred from the Executive Office of the President to OJP. Per *OMB A-136*, USMS and OJP report all activity relative to these allocation transfers in the respective financial statements. The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the CVF to the Department of Health and Human Services (HHS). This transfer is required by 42 *U.S.C. §10603a* {Sec. 14-4A} for Child Abuse Prevention and Treatment Grants. Amounts made available by section *§10601(d) (2)* of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section *§5106c* of this title.

OJP receives, as a child entity, allocation transfers of appropriations from the Executive Office of the President. This transfer is authorized by *Consolidated Appropriations Act, 2010 (Public Law 111-117)*, and *Consolidated Appropriations Act, 2012 (Public Law 112-74)*. Per *Office of Management and Budget Circular A-11 (OMB A-11), Preparation, Submission, and Execution of the Budget* guidance, OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

The Department also allocates funds from BOP, as the parent, to the Public Health Service (PHS), a primary division of the HHS. PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligations of PHS staff salaries, benefits, and applicable relocation expenses.

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts (AOUSC). The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on a periodic basis.

Per OMB guidance, the USMS reports all budgetary and proprietary activity transferred from the Administrative Office of the U.S. Courts to the USMS.

Y. Tax Exempt Status

As an agency of the federal government, the Department is exempt from all income taxes imposed by any governing body whether it is a federal, state, commonwealth, local, or foreign government.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 1. Summary of Significant Accounting Policies (continued)****Z. Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

AA. Reclassifications

The FY 2022 financial statements were reclassified to conform to the FY 2023 Departmental financial statement presentation requirements. These reclassifications have no material effect on total assets, liabilities, net cost, net position, change in net position, budgetary resources, or custodial activity as previously reported.

AB. Subsequent Events

Subsequent events and transactions occurring after September 30, 2023 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

AC. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

AD. Public-Private Partnerships

SFFAS No. 49, Public-Private Partnerships: Disclosure Requirements establishes principles to ensure that disclosures about public-private partnerships (P3) are presented in the reporting entity's general purpose Federal financial reports (GPFRR). The principles guide financial reporting by establishing a P3 definition and identifying risk-based characteristics that need to exist before considering the P3 arrangement or transaction for disclosure. *SFFAS No. 49* exempts certain arrangements or transactions from the P3 disclosure requirements. Such exempt arrangements or transactions are subject to existing disclosure requirements in other FASAB standards applicable to such arrangements or transactions. For FYs 2023 and 2022, the Department identified P3 relationships that met the *SFFAS No. 49* disclosure requirements. Additional details regarding the P3 arrangements are provided in Note 23, Public-Private Partnerships.

AE. Changes in Presentation

In FY 2023, DOJ elected to follow *OMB A-136* and the prescribed presentation for the statement of net cost. As a result, the current year and prior year presentation no longer disaggregates cost and earned revenue between intragovernmental and other than intragovernmental.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 2. Non-Entity Assets

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Intragovernmental		
Fund Balance with Treasury	\$ 439,985	\$ 732,003
Investments	1,580,000	1,580,000
Accounts Receivable, Net	60	—
Other Assets	14,660	2,614
Total Intragovernmental	<u>\$ 2,034,705</u>	<u>\$ 2,314,617</u>
Other than Intragovernmental		
Cash and Other Monetary Assets	\$ 3,224,387	\$ 1,344,069
Accounts Receivable, Net	1,068,900	2,092,826
Total Other than Intragovernmental	<u>4,293,287</u>	<u>3,436,895</u>
Total Non-Entity Assets	<u>6,327,992</u>	<u>5,751,512</u>
Total Entity Assets	<u>51,073,531</u>	<u>45,130,632</u>
Total Assets	<u>\$ 57,401,523</u>	<u>\$ 50,882,144</u>

Note 3. Fund Balance with Treasury

The Fund Balance with Treasury represent the unexpended balances on the Department’s books for the entire Department’s Treasury Account Symbols.

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Status of Fund Balances With Treasury		
Unobligated Balance - Available	\$ 12,335,534	\$ 8,242,189
Unobligated Balance - Unavailable	1,363,591	1,548,167
Obligated Balance not yet Disbursed	26,111,727	23,420,035
Non-Budgetary Fund Balance with Treasury	1,655,695	2,455,950
Budgetary Resources from Invested Balances	(4,616,921)	(1,435,949)
Total Status of Fund Balances with Treasury	<u>\$ 36,849,626</u>	<u>\$ 34,230,392</u>

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may only be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances are still subject to the annual apportionment and allotment process.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 3. Fund Balance with Treasury (continued)

Unobligated Balance – Available includes amounts restricted for use in future fiscal years (apportioned as Category C), and available for obligation in subsequent periods. For the fiscal years ended September 30, 2023 and 2022, the amounts restricted for future use are \$161,576 and \$217,163, respectively.

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations but can be used for upward adjustments for existing obligations. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Non-Budgetary Fund Balance with Treasury is primarily comprised of unavailable receipt accounts and clearing accounts that do not have budget authority and non-budgetary Fund Balance with Treasury recognized on the Balance Sheet such as non-fiduciary deposit funds.

As of September 30, 2023 and 2022, the respective immaterial variances of \$4,047 and \$4,047 between Fund Balance with Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances, respectively.

Note 4. Cash and Other Monetary Assets

As of September 30, 2023 and 2022

	2023	2022
Cash		
Undeposited Collections	\$ 7	\$ 10
Imprest Funds	57,185	68,241
Seized Cash Deposited	3,086,171	1,227,755
Other	46,699	37,781
Total Cash	<u>3,190,062</u>	<u>1,333,787</u>
Other Monetary Assets		
Seized Monetary Instruments	91,511	78,523
Total Other Monetary Assets	<u>91,511</u>	<u>78,523</u>
Total Cash and Other Monetary Assets	<u>\$ 3,281,573</u>	<u>\$ 1,412,310</u>

The majority of Other Cash consists of project-generated proceeds from undercover operations.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 5. Investments, Net

	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value/Fair Value
As of September 30, 2023						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	\$ 6,386,207	Straight-Line	\$ 65,113	\$ 104	\$ 6,451,424	\$ 6,434,615
As of September 30, 2022						
Intragovernmental Securities and Investments:						
Non-Marketable: Market Based	\$ 3,113,919	Straight-Line	\$ 22,534	\$ 106	\$ 3,136,559	\$ 3,105,667

Note 6. Accounts Receivable, Net

As of September 30, 2023 and 2022

	2023	2022
Intragovernmental		
Accounts Receivable	\$ 656,923	\$ 671,969
Total Intragovernmental	\$ 656,923	\$ 671,969
Other than Intragovernmental		
Accounts Receivable	\$ 8,818,791	\$ 5,035,046
Allowance for Uncollectible Accounts	(7,367,658)	(2,809,253)
Total Other than Intragovernmental	1,451,133	2,225,793
Total Accounts Receivable, Net	\$ 2,108,056	\$ 2,897,762

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

The accounts receivable other than intragovernmental primarily consists of custodial receivables, OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, and FBI National Name Check Program.

Accounts receivable related to criminal restitution orders the Department monitors is not included in this note, as the Department is not the ultimate recipient of the collections. Additionally, in many cases, the potential collections are not specifically identifiable, and the amount cannot be reasonably estimated.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 7. Inventory and Related Property, Net

As of September 30, 2023 and 2022

	2023	2022
Inventory		
Raw Materials	\$ 53,082	\$ 52,925
Work in Process	13,868	12,176
Finished Goods	15,769	16,595
Inventory Purchased for Resale	28,112	23,952
Excess, Obsolete, and Unserviceable	1,193	984
Inventory Allowance	(5,864)	(4,224)
Operating Materials and Supplies		
Held for Current Use	22,055	17,953
Total Inventory and Related Property, Net	<u>\$ 128,215</u>	<u>\$ 120,361</u>

Note 8. Forfeited and Seized Property, Net

Analysis of Change in Forfeited Property:

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status, asset group changes, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year.

Method of Disposition of Forfeited Property:

For the fiscal years ended September 30, 2023 and 2022, \$155,218 and \$198,461 of forfeited property were sold, \$35,169 and \$2,346 were destroyed or donated, \$1,777 and \$1,987 were returned to owners, \$66,225 and \$199,648 were converted to cash, and \$4,181 and \$3,004 were disposed of by other means. Other means of disposition include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency. As of September 30, 2023, the top three forfeited digital assets were Waves, Bitcoin, and Monero.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

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

As of September 30, 2023

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	215	461	651	(1,096)	231	—	231
	Value	\$ 1,783	\$ 2,065	\$ 101,799	\$ (104,734)	\$ 913	\$ —	\$ 913
Digital Assets	Number	58	(9)	212	(125)	136	—	136
	Value	\$ 8,127	\$ 1,528	\$ 25,370	\$ (28,324)	\$ 6,701	\$ —	\$ 6,701
Real Property	Number	113	3	178	(188)	106	—	106
	Value	\$ 50,545	\$ (2,675)	\$ 97,450	\$ (85,753)	\$ 59,567	\$ (1,888)	\$ 57,679
Personal Property	Number	4,035	157	3,003	(2,708)	4,487	—	4,487
	Value	\$ 36,571	\$ (6,761)	\$ 54,889	\$ (43,759)	\$ 40,940	\$ (237)	\$ 40,703
Non-Valued Firearms	Number	56,058	(511)	23,482	(20,553)	58,476	—	58,476
Total	Number	60,479	101	27,526	(24,670)	63,436	—	63,436
	Value	\$ 97,026	\$ (5,843)	\$ 279,508	\$ (262,570)	\$ 108,121	\$ (2,125)	\$ 105,996

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

As of September 30, 2022

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	189	384	826	(1,184)	215	—	215
	Value	\$ 1,202	\$ 2,069	\$ 199,447	\$ (200,935)	\$ 1,783	\$ —	\$ 1,783
Digital Assets	Number	47	1	87	(77)	58	—	58
	Value	\$ 9,645	\$ 33,959	\$ 17,437	\$ (52,914)	\$ 8,127	\$ —	\$ 8,127
Real Property	Number	156	9	171	(223)	113	—	113
	Value	\$ 48,285	\$ 3,385	\$ 117,176	\$ (118,301)	\$ 50,545	\$ (1,243)	\$ 49,302
Personal Property	Number	3,726	(176)	3,065	(2,580)	4,035	—	4,035
	Value	\$ 25,858	\$ (1,187)	\$ 45,196	\$ (33,296)	\$ 36,571	\$ (721)	\$ 35,850
Non-Valued Firearms	Number	50,803	(456)	23,489	(17,778)	56,058	—	56,058
Total	Number	54,921	(238)	27,638	(21,842)	60,479	—	60,479
	Value	\$ 84,990	\$ 38,226	\$ 379,256	\$ (405,446)	\$ 97,026	\$ (1,964)	\$ 95,062

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Analysis of Change in Seized Property:**

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, digital assets, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, digital assets, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence. As of September 30, 2023, the top three digital assets seized for forfeiture were Bitcoin, Tether, and Ether. As of September 30, 2023, the top digital assets seized for evidence were Bitcoin and Ether.

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the AFF/SADF. The Department has established a reporting threshold of \$1 or more for Personal Property seized for evidentiary purposes.

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

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with *FASAB TR No. 4, Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of seized drugs by quantity only, as drugs have no value and are destroyed upon resolution of legal proceedings.

Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 KG in weight.

“Other” primarily consists of substances, both controlled and non-controlled as defined per the *Controlled Substances Act*, other than those discussed above. “Bulk Drug Evidence” is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above. “Disposals” occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

Method of Disposition of Seized Property:

For the fiscal years ended September 30, 2023 and 2022, \$2,124,047 and \$1,122,025 of seized property were forfeited, \$190,079 and \$318,987 were returned to parties with a bona fide interest, and \$11,408 and \$14,257 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

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

As of September 30, 2023

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash & Monetary Instruments	Number	21,578	571	8,214	(9,814)	20,549	—	20,549
	Value	\$ 2,825,248	\$ (1,317)	\$ 4,018,237	\$ (2,156,471)	\$ 4,685,697	\$ (415,551)	\$ 4,270,146
Financial Instruments	Number	479	(66)	551	(429)	535	—	535
	Value	\$ 233,655	\$ (12,418)	\$ 51,896	\$ (26,359)	\$ 246,774	\$ (43,535)	\$ 203,239
Digital Assets	Number	753	82	620	(235)	1,220	—	1,220
	Value	\$ 287,907	\$ 12,754	\$ 912,738	\$ (27,859)	\$ 1,185,540	\$ (16,674)	\$ 1,168,866
Real Property	Number	47	(2)	28	(41)	32	—	32
	Value	\$ 48,324	\$ (10,974)	\$ 65,137	\$ (21,019)	\$ 81,468	\$ (72,549)	\$ 8,919
Personal Property	Number	8,328	(28)	3,343	(3,615)	8,028	—	8,028
	Value	\$ 438,059	\$ (24,110)	\$ 114,837	\$ (74,098)	\$ 454,688	\$ (56,022)	\$ 398,666
Non-Valued								
Firearms	Number	40,706	6,796	24,886	(25,923)	46,465	—	46,465
Total	Number	71,891	7,353	37,642	(40,057)	76,829	—	76,829
	Value	\$ 3,833,193	\$ (36,065)	\$ 5,162,845	\$ (2,305,806)	\$ 6,654,167	\$ (604,331)	\$ 6,049,836

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category.

As of September 30, 2022

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash & Monetary Instruments	Number	22,256	(122)	10,431	(10,987)	21,578	—	21,578
	Value	\$ 2,791,275	\$ 78,336	\$ 1,242,168	\$ (1,286,531)	\$ 2,825,248	\$ (440,158)	\$ 2,385,090
Financial Instruments	Number	585	(199)	586	(493)	479	—	479
	Value	\$ 203,136	\$ (22,478)	\$ 82,061	\$ (29,064)	\$ 233,655	\$ (13,775)	\$ 219,880
Digital Assets	Number	480	(12)	386	(101)	753	—	753
	Value	\$ 262,727	\$ (25,523)	\$ 68,164	\$ (17,461)	\$ 287,907	\$ (9,417)	\$ 278,490
Real Property	Number	48	(10)	49	(40)	47	—	47
	Value	\$ 91,143	\$ (8,919)	\$ 18,220	\$ (52,120)	\$ 48,324	\$ (30,481)	\$ 17,843
Personal Property	Number	8,610	(397)	3,900	(3,785)	8,328	—	8,328
	Value	\$ 169,028	\$ (5,811)	\$ 335,423	\$ (60,581)	\$ 438,059	\$ (60,913)	\$ 377,146
Non-Valued								
Firearms	Number	37,991	2,365	26,426	(26,076)	40,706	—	40,706
Total	Number	69,970	1,625	41,778	(41,482)	71,891	—	71,891
	Value	\$ 3,517,309	\$ 15,605	\$ 1,746,036	\$ (1,445,757)	\$ 3,833,193	\$ (554,744)	\$ 3,278,449

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Property status changes include appealed forfeitures and other actions that change the status of an asset between seized and forfeited classifications. Asset group changes occur primarily when cash is substituted for a different asset category.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

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

As of September 30, 2023

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary						
Instruments	Value	\$ 61,030	\$ (6,348)	\$ 25,679	\$ (8,376)	\$ 71,985
Digital Assets	Number	61	(10)	79	(12)	118
	Value	\$ 441,131	\$ (413,021)	\$ 160,542	\$ (9,118)	\$ 179,534
Personal Property	Number	386	(65)	41	(69)	293
	Value	\$ 6,368	\$ (880)	\$ 1,250	\$ (2,234)	\$ 4,504
Non-Valued						
Firearms	Number	\$ 78,832	\$ (4,141)	\$ 21,694	\$ (13,073)	\$ 83,312
Drug Evidence						
Cocaine	KG	137,806	637	105,798	(71,151)	173,090
Heroin	KG	8,835	(24)	914	(1,351)	8,374
Marijuana	KG	7,366	29	243	(747)	6,891
Bulk Drug Evidence	KG	110,794	425	57,076	(73,308)	94,987
Methamphetamine	KG	72,644	(2,092)	29,510	(21,968)	78,094
Other	KG	18,206	306	9,785	(2,921)	25,376
Total Drug Evidence	KG	355,651	(719)	203,326	(171,446)	386,812

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

As of September 30, 2022

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary						
Instruments	Value	\$ 68,160	\$ (12,443)	\$ 12,607	\$ (7,294)	\$ 61,030
Digital Assets	Number	2	18	44	(3)	61
	Value	\$ 2,850	\$ 13,328	\$ 425,133	\$ (180)	\$ 441,131
Personal Property	Number	433	(15)	69	(101)	386
	Value	\$ 7,162	\$ (1,188)	\$ 2,432	\$ (2,038)	\$ 6,368
Non-Valued						
Firearms	Number	75,631	(4,701)	20,067	(12,165)	78,832
Drug Evidence						
Cocaine	KG	119,218	(6,203)	135,525	(110,734)	137,806
Heroin	KG	8,829	74	1,303	(1,371)	8,835
Marijuana	KG	7,340	32	900	(906)	7,366
Bulk Drug Evidence	KG	128,934	1,081	85,721	(104,942)	110,794
Methamphetamine	KG	64,101	1,464	27,273	(20,194)	72,644
Other	KG	13,777	17	6,981	(2,569)	18,206
Total Drug Evidence	KG	342,199	(3,535)	257,703	(240,716)	355,651

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2023

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 185,834	\$ —	\$ 185,834	N/A
Construction in Progress	800,081	—	800,081	N/A
Buildings, Improvements and Renovations	12,036,496	(7,678,200)	4,358,296	2-50 yrs
Other Structures and Facilities	1,035,068	(617,842)	417,226	10-50 yrs
Equipment & Vehicles ¹	2,283,688	(1,432,044)	851,644	5-30 yrs
Assets Under Capital Lease	443	(335)	108	2-30 yrs
Leasehold Improvements	2,005,745	(1,383,189)	622,556	2-20 yrs
Internal Use Software	2,715,775	(2,300,525)	415,250	2-10 yrs
Internal Use Software in Development	114,945	—	114,945	N/A
Other General Property, Plant and Equipment	854	(5)	849	10-20 yrs
Total	\$ 21,178,929	\$ (13,412,140)	\$ 7,766,789	

As of September 30, 2022

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 186,123	\$ —	\$ 186,123	N/A
Construction in Progress	596,229	—	596,229	N/A
Buildings, Improvements and Renovations	12,823,264	(7,965,133)	4,858,131	2-50 yrs
Other Structures and Facilities	1,418,248	(911,535)	506,713	10-50 yrs
Equipment & Vehicles	2,367,510	(1,426,957)	940,553	5-30 yrs
Assets Under Capital Lease	250	(250)	—	2-30 yrs
Leasehold Improvements	1,937,661	(1,306,678)	630,983	2-20 yrs
Internal Use Software	2,678,694	(2,273,107)	405,587	2-10 yrs
Internal Use Software in Development	139,171	—	139,171	N/A
Other General Property, Plant and Equipment	2,589	(300)	2,289	10-20 yrs
Total	\$ 22,149,739	\$ (13,883,960)	\$ 8,265,779	

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

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

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

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

As of September 30, 2023 and 2022

	2023	2022
Balance beginning of year	\$ 8,265,779	\$ 8,769,704
Capitalized acquisition	662,344	742,589
Dispositions	(346,940)	(18,284)
Transfers in/(out) without reimbursements	(1,790)	37
Revaluations	(5,530)	9,541
Depreciation expense	(807,182)	(826,724)
Other	108	(411,084)
Balance at end of year	<u>\$ 7,766,789</u>	<u>\$ 8,265,779</u>

Note 10. Other Assets

As of September 30, 2023 and 2022

	2023	2022
Intragovernmental		
Other Assets Intragovernmental	\$ 55,914	\$ 58,161
Total Intragovernmental	<u>\$ 55,914</u>	<u>\$ 58,161</u>
Other than Intragovernmental		
Other Assets Other than Intragovernmental	\$ 337	\$ 598
Total Other Assets	<u>\$ 56,251</u>	<u>\$ 58,759</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2023 and 2022

	2023	2022
Intragovernmental		
Other Liabilities		
Accrued FECA Liabilities	\$ 295,613	\$ 277,285
Other Unfunded Employment Related Liabilities	2,313	2,685
Other	2,744	17,111
Total Intragovernmental	<u>\$ 300,670</u>	<u>\$ 297,081</u>
Other than Intragovernmental		
Federal Employee Benefits Payable	\$ 2,721,650	\$ 2,640,087
Environmental and Disposal Liabilities (Note 12)	86,017	83,390
Advances from Others and Deferred Revenue	861,916	817,714
Other Liabilities		
Contingent Liabilities (Note 16)	161,905	93,070
Radiation Exposure Compensation Act Liabilities (Note 25)	48,779	155,437
September 11 th Victim Compensation Fund Liabilities (Note 25)	2,981,356	3,580,103
Other	362,450	391,438
Total Other than Intragovernmental	<u>\$ 7,224,073</u>	<u>\$ 7,761,239</u>
Total Liabilities Not Covered by Budgetary Resources	<u>\$ 7,524,743</u>	<u>\$ 8,058,320</u>
Total Liabilities Covered by Budgetary Resources	8,911,514	5,508,700
Total Liabilities Not Requiring Budgetary Resources	6,291,744	5,776,127
Total Liabilities	<u><u>\$ 22,728,001</u></u>	<u><u>\$ 19,343,147</u></u>

Federal Employee Benefits Payable primarily includes Unfunded Leave Liability and Actuarial FECA Liability. As of September 30, 2023 and 2022, the Department total Unfunded Leave Liability was \$1,066,989 and \$1,052,711, and the Actuarial FECA Liability was \$1,650,154 and \$1,586,835, respectively.

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. The Department expects that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed above. Liabilities covered by budgetary resources are liabilities that do not require appropriations and can be liquidated by the assets of the entities holding these liabilities. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources, such as liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 12. Environmental and Disposal Liabilities

As of September 30, 2023 and 2022

	2023	2022
Firing Ranges		
Beginning Balance, Brought Forward	\$ 34,338	\$ 34,952
Future Funded Expenses	—	(960)
Inflation Adjustment	336	346
Total Firing Range Liability	<u>\$ 34,674</u>	<u>\$ 34,338</u>
Asbestos		
Beginning Balance, Brought Forward	\$ 49,052	\$ 44,662
New Asbestos	—	483
Abatements	(42)	(63)
Inflation Adjustment	2,285	3,922
Future Funded Expenses	48	48
Total Asbestos Liability	<u>\$ 51,343</u>	<u>\$ 49,052</u>
Total Environmental and Disposal Liabilities	<u>\$ 86,017</u>	<u>\$ 83,390</u>

Per *SFFAS No. 5, Accounting for Liabilities of the Federal Government*; *SFFAS No. 6, Accounting for Property, Plant, and Equipment*; *FASAB Technical Release (TR) No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*; *TR No. 10, Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*; and *TR No. 11, Implementation Guidance on Cleanup Costs Associated with Equipment*, federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

Firing Ranges

The BOP operates firing ranges on 66 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2023 and 2022, BOP Management determined their estimated clean-up liability to be \$32,371 and \$32,035 respectively.

The FBI-owned ranges in Quantico, VA and El Toro, CA that contain possible contamination issues based on the Federal Financial Accounting and Auditing TR No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, and EPA-902-B-01-001, *Best Management Practices for Lead at Outdoor Shooting Ranges*. The FBI completed a remedial investigation/feasibility study (RI/FS) for the Quantico ranges in March 2015 which is used to estimate the cost of cleanup for the Quantico ranges. The FBI has not conducted a RI/FS for the El Toro ranges. *TR No. 2* then requires the agency to recognize the anticipated cost of conducting a future study, plus any other identifiable costs, as a future environmental and disposal liability. The FBI has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size. The estimated total firing range liability is based on the estimated costs for contamination remediation. As of September 30, 2023 and 2022, the FBI reported the estimated firing range cleanup liability of \$2,303 and \$2,303, respectively.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 12. Environmental and Disposal Liabilities (continued)****Asbestos**

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable asbestos containing materials remaining in each of the institutions as of October 30, 2009. In FY 2023, BOP Management increased clean-up liability in the amount of \$2,240 by the U.S. inflation rate of 4.82 percent as determined by Treasury. As of September 30, 2023 and 2022, BOP Management recorded a clean-up liability in the amount of \$48,720 and \$46,480, respectively.

The FBI has identified FBI-owned facilities in Quantico, VA that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 70 years. The total estimated asbestos liability of is based on an environmental survey of the facilities that may be contaminated. The current estimated asbestos cleanup liability is the total estimated asbestos liability divided by the useful life and multiplied by the number of years in service, less any current year abatements, and adjusted for inflation. The estimated asbestos cleanup liability is adjusted each quarter by recording future funded expenses for the asbestos cleanup costs. As of September 30, 2023 and 2022, the FBI reported the estimated asbestos cleanup liability of \$2,623 and \$2,572, respectively.

Note 13. Leases**Operating Leases**

The Department acquires functional use of various buildings/facilities, equipment, and other assets via operating lease instruments. Operating leases do not transfer the benefits and risks of ownership; rather, payments for operating leases are expensed over the life of the lease. Major non-cancelable operating leases consists primarily of office space rented from GSA, most with renewal options that range from 1 to 25 years with escalation clauses based on the Consumer Price Index (CPI), and lease periods with a range of 1 to 30 years. Other leases are primarily commercial leases with the general public and include automobile leases.

The majority of space occupied by the FBI is leased from the GSA. The rental cost is based on the area occupied at the commercial rate per square foot, negotiated by the GSA along with appropriate GSA fees. The majority of the leases are cancellable; however, if tenant improvement (TI) costs are amortized in the lease and the FBI terminates prior to the end of the amortized period, the FBI will be responsible for the unpaid TI costs.

When field offices relocate, often from space leased for 20 years or longer, the rental rates may increase. The field offices that relocate will accommodate the FBI's growth in workforce, space needs, and increased security requirements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 13. Leases (continued)

The table below shows the Department's total future lease payments by fiscal year for all federal and non-federal operating leases that have initial or remaining non-cancellable terms in excess of one year as of September 30, 2023.

As of September 30, 2023

Intragovernmental

Future Noncancelable Operating Lease Payments Due

Fiscal Year	Land and Buildings	Total
2024	\$ 452,357	\$ 452,357
2025	458,143	458,143
2026	452,840	452,840
2027	441,820	441,820
2028	437,275	437,275
After 2028	3,730,915	3,730,915
Total Future Noncancelable Operating Lease Payments	\$ 5,973,350	\$ 5,973,350

Other than Intragovernmental

Future Noncancelable Operating Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2024	\$ 4,747	\$ 4,301	\$ 9,048
2025	2,572	—	2,572
2026	1,920	—	1,920
2027	1,428	—	1,428
2028	948	—	948
After 2028	1,131	—	1,131
Total Future Noncancelable Operating Lease Payments	\$ 12,746	\$ 4,301	\$ 17,047

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 14. Seized Cash and Monetary Instruments

The Seized Cash and Monetary Instruments represent liabilities for seized assets held by the Department pending disposition.

As of September 30, 2023 and 2022

	2023	2022
Investments, Net	\$ 1,580,000	\$ 1,580,000
Seized Cash Deposited	3,086,171	1,227,755
Seized Monetary Instruments	91,511	78,523
Cash in Transit to (AFF)/SADF	(5,581)	(9,045)
Total Seized Cash and Monetary Instruments	<u>\$ 4,752,101</u>	<u>\$ 2,877,233</u>

Note 15. Other Liabilities

As of September 30, 2023 and 2022

	2023	2022
Intragovernmental		
Benefit Program Contributions Payable	\$ 571,710	\$ 542,575
Employer Contributions and Payroll Taxes Payable	59,938	55,912
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	536	536
Liability for Clearing Accounts	5	(398)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	16,790	4,591
Other Liabilities	3,617	4,253
Total Intragovernmental	<u>\$ 652,596</u>	<u>\$ 607,469</u>
Other than Intragovernmental		
Accrued Funded Payroll and Leave	\$ 818,773	\$ 774,532
Other Liabilities without Related Budgetary Obligations	409,150	429,220
Other Liabilities with Related Budgetary Obligations	46,113	1,542
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	111,075	149,101
Liability for Clearing Accounts	1,120	1,078
Custodial Liabilities	19,260	99,723
Contingent Liabilities	161,905	93,070
Other Liabilities	6,258	2,406
Total Other than Intragovernmental	<u>\$ 1,573,654</u>	<u>\$ 1,550,672</u>
Total Other Liabilities	<u>\$ 2,226,250</u>	<u>\$ 2,158,141</u>

The Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity consists of non-entity assets held in a General Fund Receipt Account or other Department of the Treasury account symbol for transfer to other Federal entities.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 15. Other Liabilities (continued)

The majority of Intragovernmental Other Liabilities are composed of employer contributions payables, payroll taxes payables, other liabilities without related budgetary obligations, tenant allowances for operating leases, monies received from prisoner funds, and certain receipts of cash that are in suspense, clearing, deposit, or general fund accounts that are owed to the Treasury.

Most of the Other Liabilities other than intragovernmental are composed of Accrued Funded Payroll and Leave and future funded energy savings performance contracts and utilities. In addition, Other Liabilities other than intragovernmental consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project. The majority of Total Other Liabilities are current, the only exception is Other Liabilities without related Budgetary Obligations associated with future funded energy saving performance contracts.

Note 16. Commitments and Contingencies

As of September 30, 2023	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	\$ 161,905	\$ 161,905	\$ 835,777
Reasonably Possible		\$ 63,238	\$ 235,943
As of September 30, 2022			
Legal Contingencies:			
Probable	\$ 93,070	\$ 93,070	\$ 358,107
Reasonably Possible		\$ 2,137,262	\$ 2,366,657

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections

Funds from Dedicated Collections are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes and must be accounted for separately from the Government's general revenues. See *SFFAS No. 27* for the required criteria for funds from dedicated collections.

As of September 30, 2023	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet										
ASSETS										
Intragovernmental Assets:										
Fund Balance with Treasury	\$ 2,647,870	\$ 208,760	\$ 303,255	\$ 121,025	\$ 143,215	\$ 32,656	\$ 6,183,342	\$ 5,418	\$ —	\$ 9,645,541
Investments, Net	1,055,482	—	—	—	200,670	3,291,328	—	—	—	4,547,480
Accounts Receivable	11,929	—	—	792	4	—	—	—	—	12,725
Advances and Prepayments	2,713	—	171	—	281	—	(39,694)	—	—	(36,529)
Other Intragovernmental Assets	—	—	—	—	—	—	—	—	—	—
Total Intragovernmental Assets	\$ 3,717,994	\$ 208,760	\$ 303,426	\$ 121,817	\$ 344,170	\$ 3,323,984	\$ 6,143,648	\$ 5,418	\$ —	\$ 14,169,217
Other than Intragovernmental Assets:										
Cash and Other Monetary Assets	\$ —	\$ —	\$ —	\$ (758)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (758)
Accounts Receivable, Net	48	8,536	59	—	76,171	—	224,328	—	—	309,142
Inventory and Related Property, Net	105,996	28,112	—	—	—	—	—	—	—	134,108
General Property, Plant, and Equip.	973	2,297	17,828	124	7,466	—	—	—	—	28,688
Advances and Prepayments	—	142	—	—	—	—	632	—	—	774
Other Assets	143	—	—	10	10	—	—	—	—	163
Total Other than Intragovernmental	\$ 107,160	\$ 39,087	\$ 17,887	\$ (624)	\$ 83,647	\$ —	\$ 224,960	\$ —	\$ —	\$ 472,117
Total Assets	\$ 3,825,154	\$ 247,847	\$ 321,313	\$ 121,193	\$ 427,817	\$ 3,323,984	\$ 6,368,608	\$ 5,418	\$ —	\$ 14,641,334
LIABILITIES										
Intragovernmental Liabilities:										
Accounts Payable	\$ 41,970	\$ 1,262	\$ 7,624	\$ 2,803	\$ 10,603	\$ —	\$ 3,901	\$ —	\$ —	\$ 68,163
Other Liabilities	1,536	4,614	5,559	1,916	2,632	14	—	—	—	16,271
Total Intragovernmental Liabilities	\$ 43,506	\$ 5,876	\$ 13,183	\$ 4,719	\$ 13,235	\$ 14	\$ 3,901	\$ —	\$ —	\$ 84,434
Other than Intragovernmental:										
Accounts Payable	\$ 744,619	\$ 24,341	\$ 10,077	\$ 463	\$ 1,620	\$ 788	\$ 4,265	\$ —	\$ —	\$ 786,173
Federal Employee Benefits Payable	4,599	7,296	20,641	—	11,520	39	—	—	—	44,095
Advances and Deferred Revenue	105,996	—	856,284	—	—	—	—	—	—	962,280
Other Liabilities	(2,540)	3,253	10,765	6,767	7,551	3,321,394	174,727	381	—	3,522,298
Total Other than Intragovernmental	\$ 852,674	\$ 34,890	\$ 897,767	\$ 7,230	\$ 20,691	\$ 3,322,221	\$ 178,992	\$ 381	\$ —	\$ 5,314,846
Total Liabilities	\$ 896,180	\$ 40,766	\$ 910,950	\$ 11,949	\$ 33,926	\$ 3,322,235	\$ 182,893	\$ 381	\$ —	\$ 5,399,280
Net Position										
Unexpended Appropriations	\$ —	\$ —	\$ —	\$ (821)	\$ (263)	\$ 3,038,138	\$ —	\$ —	\$ —	\$ 3,037,054
Cumulative Results of Operations	2,928,974	207,081	(589,637)	110,065	394,154	(3,036,389)	6,185,715	5,037	—	6,205,000
Total Net Position	\$ 2,928,974	\$ 207,081	\$ (589,637)	\$ 109,244	\$ 393,891	\$ 1,749	\$ 6,185,715	\$ 5,037	\$ —	\$ 9,242,054
Total Liabilities and Net Position	\$ 3,825,154	\$ 247,847	\$ 321,313	\$ 121,193	\$ 427,817	\$ 3,323,984	\$ 6,368,608	\$ 5,418	\$ —	\$ 14,641,334

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

For the Fiscal Year Ended September 30, 2023

	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Net Cost										
Gross Program Costs	\$ 1,613,032	\$ 338,865	\$ 546,085	\$ 214,057	\$ 266,156	\$5,834,553	\$2,176,584	\$ 1,405	\$ —	\$ 10,990,737
Less: Earned Revenues	15,220	365,741	544,551	171,814	236,980	—	—	—	—	1,334,306
Net Cost of Operations	<u>\$ 1,597,812</u>	<u>\$ (26,876)</u>	<u>\$ 1,534</u>	<u>\$ 42,243</u>	<u>\$ 29,176</u>	<u>\$5,834,553</u>	<u>\$2,176,584</u>	<u>\$ 1,405</u>	<u>\$ —</u>	<u>\$ 9,656,431</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

For the fiscal year ended September 30, 2023

	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	\$ —	\$ —	\$ —	\$ (1,444)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,444)
Appropriations Received	—	—	—	53,186	—	5,654,410	—	—	—	5,707,596
Other Adjustments	—	—	—	(143)	(263)	—	—	—	—	(406)
Appropriations Used	—	—	—	(52,420)	—	(2,616,272)	—	—	—	(2,668,692)
Total Unexpended Appropriations	\$ —	\$ —	\$ —	\$ (821)	\$ (263)	\$3,038,138	\$ —	\$ —	\$ —	\$ 3,037,054
Cumulative Results of Operations										
Beginning Balance	\$ 1,570,492	\$ 170,082	\$ (615,501)	\$ 99,887	\$ 401,812	\$ 41,796	\$6,765,804	\$ 4,521	\$ —	\$ 8,438,893
Appropriations Used	—	—	—	52,420	—	2,616,272	—	—	—	2,668,692
Other than Intragovernmental non-exchange revenue										
Misc. Receipts: Fines and Fees	—	—	—	—	—	—	1,610,850	1,921	—	1,612,771
Intragovernmental non-exchange revenue	276,467	—	—	—	67	93,413	—	—	—	369,947
Donations and forfeitures of cash and Property	3,184,871	—	—	—	—	46,683	—	—	—	3,231,554
Transfers in/out without reimbursement	(9,696)	—	—	—	—	—	(14,355)	—	—	(24,051)
Imputed Financing	4,652	10,123	27,398	—	21,451	—	—	—	—	63,624
Other	(500,000)	—	—	1	—	—	—	—	—	(499,999)
Net cost of operations	(1,597,812)	26,876	(1,534)	(42,243)	(29,176)	(5,834,553)	(2,176,584)	(1,405)	—	(9,656,431)
Net Change in Cumulative Results of Operations	1,358,482	36,999	25,864	10,178	(7,658)	(3,078,185)	(580,089)	516	—	(2,233,893)
Total Cumulative Results of Operations	\$ 2,928,974	\$ 207,081	\$ (589,637)	\$ 110,065	\$ 394,154	\$ (3,036,389)	\$6,185,715	\$ 5,037	\$ —	\$ 6,205,000
Net Position End of Period	\$ 2,928,974	\$ 207,081	\$ (589,637)	\$ 109,244	\$ 393,891	\$ 1,749	\$6,185,715	\$ 5,037	\$ —	\$ 9,242,054

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

As of September 30, 2022

	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet										
ASSETS										
Intragovernmental Assets										
Fund Balance with Treasury	\$ 1,350,658	\$ 166,477	\$ 236,782	\$ 111,504	\$ 208,146	\$ 82,935	\$7,042,571	\$ 4,639	\$ —	\$ 9,203,712
Investments, Net	946,048	—	—	—	162,283	168,629	—	—	—	1,276,960
Accounts Receivable	6,010	6,500	—	—	—	—	—	—	—	12,510
Advances and Prepayments	—	—	278	—	—	—	(7,139)	—	—	(6,861)
Other Intragovernmental Assets	—	—	—	—	10	—	—	—	—	10
Total Intragovernmental Assets	<u>\$ 2,302,716</u>	<u>\$ 172,977</u>	<u>\$ 237,060</u>	<u>\$ 111,504</u>	<u>\$ 370,439</u>	<u>\$ 251,564</u>	<u>\$7,035,432</u>	<u>\$ 4,639</u>	<u>\$ —</u>	<u>\$ 10,486,331</u>
Other than Intragovernmental Assets										
Accounts Receivable, Net	\$ 42	\$ 1,295	\$ 65	\$ 28	\$ 58,095	\$ —	\$ 854	\$ —	\$ —	\$ 60,379
Inventory and Related Property, Net	95,062	23,952	—	—	—	—	—	—	—	119,014
General Property, Plant, and Equip.	1,099	2,814	18,948	166	5,202	—	—	—	—	28,229
Advances and Prepayments	1,000	234	—	—	—	—	42	—	—	1,276
Other Assets	2	—	—	—	—	—	—	—	—	2
Total Other than Intragovernmental Assets	<u>\$ 97,205</u>	<u>\$ 28,295</u>	<u>\$ 19,013</u>	<u>\$ 194</u>	<u>\$ 63,297</u>	<u>\$ —</u>	<u>\$ 896</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 208,900</u>
Total Assets	<u>\$ 2,399,921</u>	<u>\$ 201,272</u>	<u>\$ 256,073</u>	<u>\$ 111,698</u>	<u>\$ 433,736</u>	<u>\$ 251,564</u>	<u>\$7,036,328</u>	<u>\$ 4,639</u>	<u>\$ —</u>	<u>\$ 10,695,231</u>
LIABILITIES										
Intragovernmental Liabilities										
Accounts Payable	\$ 104,297	\$ 2,101	\$ 6,172	\$ 5,469	\$ 10,934	\$ —	\$ 34,965	\$ —	\$ —	\$ 163,938
Other Liabilities	929	3,565	5,301	1,700	2,562	12	—	—	—	14,069
Total Intragovernmental Liabilities	<u>\$ 105,226</u>	<u>\$ 5,666</u>	<u>\$ 11,473</u>	<u>\$ 7,169</u>	<u>\$ 13,496</u>	<u>\$ 12</u>	<u>\$ 34,965</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 178,007</u>
Other than Intragovernmental Liabilities										
Accounts Payable	\$ 630,705	\$ 14,809	\$ 8,898	\$ 120	\$ (659)	\$ 868	\$ 2,413	\$ —	\$ —	\$ 657,154
Federal Employee Benefits Payable	4,541	7,036	22,748	—	11,676	42	—	—	—	46,043
Advances and deferred revenue	95,062	589	817,714	—	—	—	—	—	—	913,365
Other Liabilities	(6,105)	3,090	10,741	5,966	7,412	208,845	233,146	118	—	463,213
Total Other than Intragovernmental Liabilities	<u>\$ 724,203</u>	<u>\$ 25,524</u>	<u>\$ 860,101</u>	<u>\$ 6,086</u>	<u>\$ 18,429</u>	<u>\$ 209,755</u>	<u>\$ 235,559</u>	<u>\$ 118</u>	<u>\$ —</u>	<u>\$ 2,079,775</u>
Total Liabilities	<u>\$ 829,429</u>	<u>\$ 31,190</u>	<u>\$ 871,574</u>	<u>\$ 13,255</u>	<u>\$ 31,925</u>	<u>\$ 209,767</u>	<u>\$ 270,524</u>	<u>\$ 118</u>	<u>\$ —</u>	<u>\$ 2,257,782</u>
Net Position										
Unexpended Appropriations	\$ —	\$ —	\$ —	\$ (1,444)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,444)
Cumulative Results of Operations	1,570,492	170,082	(615,501)	99,887	401,811	41,797	6,765,804	4,521	—	8,438,893
Total Net Position	<u>\$ 1,570,492</u>	<u>\$ 170,082</u>	<u>\$ (615,501)</u>	<u>\$ 98,443</u>	<u>\$ 401,811</u>	<u>\$ 41,797</u>	<u>\$6,765,804</u>	<u>\$ 4,521</u>	<u>\$ —</u>	<u>\$ 8,437,449</u>
Total Liabilities and Net Position	<u>\$ 2,399,921</u>	<u>\$ 201,272</u>	<u>\$ 256,073</u>	<u>\$ 111,698</u>	<u>\$ 433,736</u>	<u>\$ 251,564</u>	<u>\$7,036,328</u>	<u>\$ 4,639</u>	<u>\$ —</u>	<u>\$ 10,695,231</u>

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

For the fiscal year ended September 30, 2022

	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Net Cost										
Gross Cost of Operations	\$ 1,399,275	\$ 374,692	\$ 531,738	\$ 192,464	\$ 262,890	\$ 36,085	\$2,510,090	\$ 770	\$ —	\$ 5,308,004
Less: Earned Revenues	15,732	388,596	493,711	191,420	180,233	—	—	—	—	1,269,692
Net Cost of Operations	<u>\$ 1,383,543</u>	<u>\$ (13,904)</u>	<u>\$ 38,027</u>	<u>\$ 1,044</u>	<u>\$ 82,657</u>	<u>\$ 36,085</u>	<u>\$2,510,090</u>	<u>\$ 770</u>	<u>\$ —</u>	<u>\$ 4,038,312</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

For the fiscal year ended September 30, 2022

	Assets Forfeiture Fund (AFF)	Federal Prison Commissary Account (BOP)	Diversion Control Fee Account (DEA)	Antitrust Division (OBD)	U.S. Trustee System Fund (OBD)	United States VSST (OBD)	Crimes Victims Fund (OJP)	Domestic Trafficking Victims Fund (OJP)	Eliminations Between Dedicated Funds	Total Funds from Dedicated Collections (Consolidated)
Statement of Changes in Net Position										
Unexpended Appropriations										
Beginning Balance	\$ —	\$ —	\$ —	\$ 2,877	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,877
Appropriations Received	—	—	—	1,356	—	—	—	—	—	1,356
Appropriations Used	—	—	—	(5,677)	—	—	—	—	—	(5,677)
Total Unexpended Appropriations	\$ —	\$ —	\$ —	\$ (1,444)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,444)
Cumulative Results of Operations										
Beginning Balance	\$ 1,290,935	\$ 149,948	\$ (593,705)	\$ 95,254	\$ 483,038	\$ 40,157	\$ 9,038,742	\$ 3,738	\$ —	\$ 10,508,107
Appropriations Used	—	—	—	5,677	—	—	—	—	—	5,677
Other than Intragovernmental non-exchange revenue										
Misc. Receipts: Fines and Fees	—	—	—	—	—	—	822,152	1,553	—	823,705
Intragovernmental non-exchange revenue	40,254	—	—	—	963	1,496	—	—	—	42,713
Donations and forfeitures of cash and Property	1,749,488	—	—	—	—	36,229	—	—	—	1,785,717
Transfers in/out without reimbursement	(2,450)	—	—	—	(13,583)	—	(585,000)	—	—	(601,033)
Imputed Financing	2,808	6,230	16,231	—	14,058	—	—	—	—	39,327
Other	(127,000)	—	—	—	(8)	—	—	—	—	(127,008)
Net cost of operations	(1,383,543)	13,904	(38,027)	(1,044)	(82,657)	(36,085)	(2,510,090)	(770)	—	(4,038,312)
Net Change in Cumulative Results of Operations	279,557	20,134	(21,796)	4,633	(81,227)	1,640	(2,272,938)	783	—	(2,069,214)
Cumulative Results of Operations	\$ 1,570,492	\$ 170,082	\$ (615,501)	\$ 99,887	\$ 401,811	\$ 41,797	\$ 6,765,804	\$ 4,521	\$ —	\$ 8,438,893
Net Position End of Period	\$ 1,570,492	\$ 170,082	\$ (615,501)	\$ 98,443	\$ 401,811	\$ 41,797	\$ 6,765,804	\$ 4,521	\$ —	\$ 8,437,449

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 17. Funds from Dedicated Collections (continued)**

The Comprehensive Crime Control Act of 1984 (Public Law 98-473) established the AFF to receive the proceeds of forfeiture and to pay the costs associated with such forfeitures, including the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, victim payments, equitable sharing and costs associated with accomplishing the legal forfeiture of the property. Authorities of the fund have been amended by various public laws enacted since 1984. Under current law, authority to use the fund for certain investigative expenses shall be specified in annual appropriation acts. Expenses necessary to seize, detain, inventory, safeguard, maintain, advertise or sell property under seizure are funded through a permanent, indefinite appropriation. In addition, beginning in FY 1993, other general expenses of managing and operating the Asset Forfeiture Program are paid from the permanent, indefinite portion of the fund. Once all expenses are covered, the balance is maintained to meet ongoing expenses of the program. Excess unobligated balances may also be allocated by the Attorney General in accordance with 28 U.S.C. §524(c)(8)(E).

The United States Trustees (UST) supervises the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, UST, and *Family Farmer Bankruptcy Act of 1986 (Public Law 99-554)* expanded the pilot trustee program to a 21 region, nationwide program encompassing 88 judicial districts. The UST System Fund collects user fees assessed against debtors, which offset the annual appropriation.

The Antitrust Division administers and enforces antitrust and related statutes. This program primarily involves the investigation of suspected violations of the antitrust laws, the conduct of civil and criminal proceedings in the federal courts, and the maintenance of competitive conditions. Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Victims of State Sponsored Terrorism Act (USVSST Act) provides for the establishment and administration of the USVSSTF to provide compensation to certain U.S. persons who were injured in acts of international state sponsored terrorism. In FY 2023, the USVSSTF received an additional \$5.6 billion in appropriated funds as lump sum catch-up payments for eligible 9/11 related claimants, the 1983 Beirut barracks bombing victims, and the 1996 Khobar Towers bombing victims. Although for FY 2023, the predominant funding source of the USVSSTF program is appropriated funds, the long term expectation of the USVSSTF program is that it will continue to be financed by non-federal sources.

Therefore, in accordance with *SFFAS No. 43*, which states, “Funds that are financed by specifically identified revenues, provided to the government by non-federal sources, which remain available over time, are considered funds from dedicated collections”, the Department reported the USVSSTF activity as Funds from Dedicated Collections. In FY 2022, the program was funded solely by revenue collected from Non-federal sources.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Funds from Dedicated Collections (continued)

The Crime Victims Fund (CVF) is financed by collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. This fund supports victim assistance and compensation programs around the country and advocates, through policy development, for the fair treatment of crime victims. The Office for Victims of Crime administers formula and discretionary grants for programs designed to benefit victims, provide training for diverse professionals who work with victims, develop projects to enhance victims' rights and services, and undertake public education and awareness activities on behalf of crime victims.

The Domestic Trafficking Victims Fund is funded through an annual transfer of funds from the Department of Health and Human Services (HHS) and collections from assessments of \$5 imposed on individuals or entities convicted of sexual abuse or exploitation, human smuggling, or human trafficking. The Fund will award grants to states and localities to combat trafficking, provide protection and assistance for victims, develop and implement child abuse prevention programs, and provide services to victims of child pornography.

The Diversion Control Fee Account is established in the Treasury General Fund as a separate account. Fees charged by the DEA under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program's purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g., personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 18. Suborganization Program Costs

For the fiscal year ended September 30, 2023

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	\$ 1,613,032	\$ 1,721,096	\$ —	\$ 3,267,444	\$ 12,534,515	\$ —	\$ 541,939	\$ —	\$ 2,449,373	\$ (797,171)	\$ 21,330,228
Less: Earned Revenues	15,220	48,924	—	573,658	1,125,236	—	(13,837)	—	57,805	(360,274)	1,446,732
Net Cost of Operations	\$ 1,597,812	\$ 1,672,172	\$ —	\$ 2,693,786	\$ 11,409,279	\$ —	\$ 555,776	\$ —	\$ 2,391,568	\$ (436,897)	\$ 19,883,496
Major Program 2: Litigation and Compensation											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,813,658	\$ —	\$ —	\$ (27,162)	\$ 11,786,496
Less: Earned Revenues	—	—	—	—	—	—	457,129	—	—	(45,098)	412,031
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,356,529	\$ —	\$ —	\$ 17,936	\$ 11,374,465
Major Program 3: Prisons and Detention											
Gross Cost	\$ —	\$ —	\$ 9,943,664	\$ —	\$ —	\$ 708,192	\$ 10,567	\$ —	\$ 2,194,267	\$ (322,329)	\$ 12,534,361
Less: Earned Revenues	—	—	376,769	—	—	677,536	—	—	305	(107,090)	947,520
Net Cost of Operations	\$ —	\$ —	\$ 9,566,895	\$ —	\$ —	\$ 30,656	\$ 10,567	\$ —	\$ 2,193,962	\$ (215,239)	\$ 11,586,841
Major Program 4: Grants											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 865,606	\$ 5,051,382	\$ —	\$ (106,079)	\$ 5,810,909
Less: Earned Revenues	—	—	—	—	—	—	4,434	38,599	—	(21,885)	21,148
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 861,172	\$ 5,012,783	\$ —	\$ (84,194)	\$ 5,789,761
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,639,190	\$ —	\$ —	\$ (38,203)	\$ 2,600,987
Less: Earned Revenues	—	—	—	—	—	—	1,224,007	—	—	(740,082)	483,925
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,415,183	\$ —	\$ —	\$ 701,879	\$ 2,117,062
Net Cost of Operations	\$ 1,597,812	\$ 1,672,172	\$ 9,566,895	\$ 2,693,786	\$ 11,409,279	\$ 30,656	\$ 14,199,227	\$ 5,012,783	\$ 4,585,530	\$ (16,515)	\$ 50,751,625

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 18. Suborganization Program Costs (continued)

For the fiscal year ended September 30, 2022

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Major Program 1: Law Enforcement											
Gross Cost	\$ 1,399,275	\$ 1,579,803	\$ —	\$ 3,066,877	\$ 12,018,304	\$ —	\$ 550,991	\$ —	\$ 2,194,114	\$ (771,623)	\$ 20,037,741
Less: Earned Revenues	15,732	50,142	—	515,899	1,034,941	—	884	—	56,694	(771,623)	902,669
Net Cost of Operations	\$ 1,383,543	\$ 1,529,661	\$ —	\$ 2,550,978	\$ 10,983,363	\$ —	\$ 550,107	\$ —	\$ 2,137,420	\$ —	\$ 19,135,072
Major Program 2: Litigation and Compensation											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,573,989	\$ —	\$ —	\$ (40,740)	\$ 6,533,249
Less: Earned Revenues	—	—	—	—	—	—	413,302	—	—	(40,740)	372,562
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,160,687	\$ —	\$ —	\$ —	\$ 6,160,687
Major Program 3: Prisons and Detention											
Gross Cost	\$ —	\$ —	\$ 8,643,621	\$ —	\$ —	\$ 685,770	\$ 11,426	\$ —	\$ 2,218,984	\$ (338,194)	\$ 11,221,607
Less: Earned Revenues	—	—	338,889	—	—	656,613	—	—	380	(322,396)	673,486
Net Cost of Operations	\$ —	\$ —	\$ 8,304,732	\$ —	\$ —	\$ 29,157	\$ 11,426	\$ —	\$ 2,218,604	\$ (15,798)	\$ 10,548,121
Major Program 4: Grants											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 686,812	\$ 4,745,812	\$ —	\$ (13,794)	\$ 5,418,830
Less: Earned Revenue	—	—	—	—	—	—	5,429	22,463	—	(13,794)	14,098
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 681,383	\$ 4,723,349	\$ —	\$ —	\$ 5,404,732
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,196,226	\$ —	\$ —	\$ (27,887)	\$ 2,168,339
Less: Earned Revenues	—	—	—	—	—	—	1,002,188	—	—	(27,887)	974,301
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,194,038	\$ —	\$ —	\$ —	\$ 1,194,038
Net Cost of Operations	\$ 1,383,543	\$ 1,529,661	\$ 8,304,732	\$ 2,550,978	\$ 10,983,363	\$ 29,157	\$ 8,597,641	\$ 4,723,349	\$ 4,356,024	\$ (15,798)	\$ 42,442,650

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 19. Imputed Financing

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department. In accordance with *SFFAS No. 4, Managerial Cost Accounting Standards and Concepts*, *FASAB Interpretation No. 6, Accounting for Imputed Intra-Departmental Costs: An Interpretation of SFFAS No. 4* and *SFFAS No. 55, Amending Inter-Entity Cost Provisions*, the material imputed inter-departmental financing sources currently recognized by the Department include business-type activities, the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees’ Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities, and any unreimbursed payments made from the Treasury Judgment Fund on behalf of the Department.

Business-type activities are significantly self-sustaining activities that finance their accounting cycle of operations through collections of exchange revenues. The Treasury Judgment Fund was established by the Congress and funded at *31 U.S.C. §1304* to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. *Federal Financial Accounting Standards Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable, and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, Accounting for Liabilities of the Federal Government, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees’ active years of service. *SFFAS No. 5* requires OPM to provide cost factors necessary to calculate the cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. The cost factors are as follows:

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	50.4
	Regular Employees Offset	36.9
	Law Enforcement Officers	83.8
	Law Enforcement Officers Offset	70.9
Federal Employees Retirement System (FERS)	Regular Employees	22.4
	Regular Employees - Revised Annuity Employees (RAE)	22.9
	Regular Employees - Further Revised Annuity Employees (FRAE)	23.2
	Law Enforcement Officers	47.4
	Law Enforcement Officers - RAE	48.1
	Law Enforcement Officers - FRAE	48.4

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be recorded.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 19. Imputed Financing (continued)

For the fiscal years ended September 30, 2023 and 2022

	2023	2022
Imputed Inter-Departmental Financing		
U.S. Treasury Judgement Fund	\$ 32,668	\$ 245,552
Health Insurance	962,325	883,103
Life Insurance	2,542	2,438
Pension	714,678	143,151
Total Imputed Inter-Departmental Financing	<u>\$ 1,712,213</u>	<u>\$ 1,274,244</u>

Imputed Intra-Departmental Financing Sources as defined in *SFFAS No. 4, Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. *SFFAS No. 4* also states that costs for broad and general support need not be recognized by the receiving entity unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI's imputed costs relates to OPM employee benefits and unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements. For the fiscal years ended September 30, 2023 and 2022, the FPI imputed costs were \$16,515 and \$15,798, respectively.

Note 20. Information Related to the Statement of Budgetary Resources

Net Adjustments to Unobligated Balance, Brought Forward, October 1:

Net adjustments to the Unobligated Balance, Brought Forward, October 1 primarily includes activity relating to Downward Adjustments of Prior-Year Undelivered and Delivered Orders, Transfers of Prior-Year Balances, and other changes in obligated balances. There were no material corrections of errors relating to the Net Adjustments to Unobligated Balance, Brought Forward, October 1.

As of September 30, 2023 and 2022

	2023	2022
Unobligated balance brought forward from prior year	\$ 9,790,365	\$ 10,439,918
Adjustments to Budgetary Resources made during current year		
Downward Adjustments of prior year undelivered orders	1,448,168	1,279,190
Downward adjustments of prior year delivered orders	120,219	154,203
Other Adjustments	607,025	18,126
Total Adjustments	<u>\$ 2,175,412</u>	<u>\$ 1,451,519</u>
Unobligated balance brought forward from prior year budget authority, net (discretionary and mandatory)	<u>\$ 11,965,777</u>	<u>\$ 11,891,437</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Status of Undelivered Orders:

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

As of September 30, 2023 and 2022

	2023	2022
Intragovernmental		
UDO Obligations Unpaid	\$ 2,278,157	\$ 1,844,738
UDO Obligations Prepaid/Advanced	282,947	285,605
Total Intragovernmental	2,561,104	2,130,343
Other than Intragovernmental		
UDO Obligations Unpaid	19,859,291	17,804,554
UDO Obligations Prepaid/Advanced	515,308	506,999
Total Other than Intragovernmental	20,374,599	18,311,553
Total UDO	<u>\$ 22,935,703</u>	<u>\$ 20,441,896</u>

Permanent Indefinite Appropriations:

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations:

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders.
- On October 5, 1990, Congress passed the *Radiation Exposure Compensation Act (RECA, Public Law 101-426)*, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the DOJ and published in the *Federal Register* on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the *Federal Register* on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, the *RECA Amendments of 2000 (the 2000 Amendments, Public Law 106-245)* were passed. On November 2, 2002, the President signed the *21st Century Department of Justice Appropriation Authorization Act (Public Law 107-273)*. Contained in the law were several provisions relating to RECA. While most of these amendments were technical in nature, some affected eligibility criteria and revised claims adjudication procedures. The *Consolidated Appropriations Act, 2005* provides a permanent indefinite appropriation for the OBDs' RECA program beginning FY 2006. The *RECA Extension Act of 2022, (Public Law 117-139)* extends the RECA Trust Fund and the filing deadline for new claims for two years from its date of enactment (June 7, 2022).

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated Federal funds. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services, rather than annual or no-year appropriations.
- The *Public Safety Officers' Benefits Act of 1976 (PSOB Act, 42 U.S.C §46 Subchapter XII)*.

OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers mortally injured in the line of duty. The PSOB Program offers three types of benefits:

- 1) Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the *Hometown Heroes Survivors Benefit Act of 2003 (Public Law 108-182)*, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
 - 2) Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
 - 3) Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.
- *Public Law 100-202, §101 (a) [title II], 101 Statute 1329, 1329-9, as amended by Public Law 111-68, Division A, title I, §1501(d), 123 Statute 2041*, provided that a permanent indefinite appropriation is established within the Department of Justice to pay all necessary expenses of investigations and prosecutions by independent counsel appointed pursuant to provisions of 28 U.S.C. § 591.
 - On July 29, 2019, the President signed into law the *Never Forget the Heroes: James Zadroga, Ray Pfeifer, and Luis Alvarez Permanent Authorization of the September 11th Victim Compensation Fund Act (VCF Permanent Authorization Act, Public Law 116-34)*. The *VCF Permanent Authorization Act* extends the VCF's claim filing deadline to October 1, 2090 and appropriates such funds as may be necessary to pay all approved claims in each fiscal year from fiscal year 2019 through fiscal year 2092.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Legal Arrangements Affecting Use of Unobligated Balances:

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted or apportioned under Category C. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, no-year, and subsequent year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions had been placed on those funds by law. Amounts in expired fund symbols are unavailable for new obligations but may be used to adjust previously established obligations.

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

The reconciliation as of September 30, 2022 is presented below. The reconciliation as of September 30, 2023 is not presented because the submission of the *Budget of the United States (Budget)* for FY 2025, which presents the execution of the FY 2023 Budget, occurs after publication of these financial statements. The *DOJ Budget Appendix* can be found on the OMB website and will be published at a later date in 2024.

For the Fiscal Year Ended September 30, 2022
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 59,936	\$ 50,146	\$ 883	\$ 40,034
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, OJP, & USMS	(1,497)	(312)	—	1
USMS Court Security Funds	(669)	(599)	—	(573)
Distributed Offsetting Receipts	—	—	(15)	36
Special and Trust Fund Receipts	—	—	—	842
Other	(2)	20	(5)	6
Budget of the United States Government	<u>\$ 57,768</u>	<u>\$ 49,255</u>	<u>\$ 863</u>	<u>\$ 40,346</u>

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

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 21. Custodial Revenues**

The Department collects for Federal debts, fines, penalties and restitution; fees and licenses, and other non-exchange miscellaneous collections. Accrual adjustments may be necessary to adjust cash collections and refund disbursements. For example, collections are refunded to the applicants who withdraw from the process or are rejected by the Licensing Center. If payments are not processed before the quarter end, an accrual is established. These activities are recognized as non-exchange custodial revenue and reported on the Statement of Custodial Activity (SCA). The Department is aware of settlements and judgements where the respective Court has not formally accepted the settlement, or the judgments are pending on appeal. The Department is also aware of formally accepted court settlements that do not meet the standards for collectability based on management's determination. The sources of custodial revenue as presented on the SCA are described below.

OBDs' Office of Debt Collection Management (DCM) is the primary source of collections for the Department, and civil litigated matters (e.g., student loan defaults, financial and health care fraud). The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM may accept wire transfers or other payments on a criminal debt, in rare cases, if a Clerk of the U.S. Court is unable to do so. In addition, other custodial collections on behalf of the General Fund of the U.S. Government occur for interest, fines, and penalties.

DEA collects fees for the Diversion Control Program and civil monetary penalties related to violations of the *Controlled Substances Act* that are incidental to DEA's mission.

ATF collects fees from firearms and explosives industries, as well as import, permit and license fees as an agent of the federal government and as authorized by *26 U.S.C. § 6301*, Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds.

FBI collects restitution payments, seized abandoned cash, and project-generated proceeds. These collections were incidental to the FBI's mission.

BOP collects fines and penalties, confiscated funds, found money on institution grounds, and inmate's funds whose whereabouts are unknown. These collections were incidental to the BOP's mission.

USMS custodial revenue comprises miscellaneous collections that have to be transferred to Treasury by regulation at fiscal year-end. The items that generally make up these miscellaneous collections are jury duty fees, insurance settlements, restitution payments and in some instances, collections linked to cancelled year appropriations.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 21. Custodial Revenues (continued)

For the above-related activities, funds for which the Department has no authority to use are transmitted to the Treasury General Fund at the end of the fiscal year. As of September 30, 2023 and 2022, the Department reported total custodial revenue on the SCA in the amounts of \$5,842,262 and \$6,586,732, respectively. The custodial revenue represented \$6,866,226 and \$4,504,829 in custodial collections and (\$1,023,964) and \$2,081,903 in accrual adjustments. The custodial collections that have yet to be disbursed are included in the assets and liabilities sections on the balance sheet. As of September 30, 2023 and 2022, the assets and liabilities related to custodial activities were \$1,386,492 and \$2,677,864, respectively. As of September 30, 2023 and 2022, the total funds returned to the Treasury General Fund were (\$1,796,590) and (\$306,674), respectively.

The table below shows collection activity by revenue type.

For the year ended September 30, 2023 and 2022

	2023 Collections	2022 Collections
Custodial Non-Exchange Revenues		
Excise Taxes	\$ 111,371	\$ 106,040
Fines, Penalties, Interest and Other Revenue	6,754,855	4,398,789
Less: Amount Collected for Non-Federal Agencies	630,973	277,574
Total Amount of Federal Revenue Collected	<u>\$ 6,235,253</u>	<u>\$ 4,227,255</u>
Refunds/Payments		
Excise Taxes	<u>\$ 8,296</u>	<u>\$ 6,463</u>
Total Amount of Refunds	<u>\$ 8,296</u>	<u>\$ 6,463</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 22. Reconciliation of Net Cost to Net Outlays**

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurring of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The reconciliation explains the relationship between the net cost of operations and net outlays by presenting (1) components of net cost that are not part of net outlays (e.g. depreciation and amortization expenses of assets previously capitalized, change in assets/liabilities); (2) components of net outlays that are not part of net cost (e.g. acquisition of capital assets); and (3) other temporary timing difference (e.g. prior period adjustments due to correction of error). The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Other components of net operating cost not part of the budgetary outlays includes primarily cost capitalization offset, advances and prepayments, contingent liabilities, and other liabilities with/without related budgetary obligations.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 22. Reconciliation of Net Cost to Net Outlays (continued)

For the year ended September 30, 2023

	Intra- governmental	Other than Intra- governmental	Total
NET COST	\$ 9,648,719	\$ 41,102,906	\$ 50,751,625
Components of Net Cost That Are Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation expense	\$ —	\$ (807,182)	\$ (807,182)
Property, plant, and equipment disposal and revaluation	—	(359,512)	(359,512)
Costs of goods sold	—	(232,599)	(232,599)
Applied overhead /costs capitalization offset	—	9,044	9,044
Other	—	(22,749)	(22,749)
Increase/(decrease) in assets			
Accounts Receivable, Net	22,472	22,988	45,460
Securities and investments	(2,279)	—	(2,279)
Other Assets	(16,358)	23,744	7,386
(Increase)/decrease in liabilities			
Accounts Payable	(81,317)	(105,000)	(186,317)
Environmental and disposal liabilities	—	(2,627)	(2,627)
Federal employees and benefits payable	(941)	(79,371)	(80,312)
Other Liabilities	(53,388)	(2,600,114)	(2,653,502)
Financing Sources			
Imputed Costs	(1,712,213)	—	(1,712,213)
Total Components of Net Costs That Are Not Part of the Budgetary Outlays:	<u>\$ (1,844,024)</u>	<u>\$ (4,153,378)</u>	<u>\$ (5,997,402)</u>
Component of Budgetary Outlays That Are Not Part of Net Operating Costs:			
Acquisition of capital assets	\$ 47,550	\$ 473,855	\$ 521,405
Acquisition of inventory	9	238,910	238,919
Acquisition of other assets	1,232	144,738	145,970
Financing Sources			
Donated Revenue	—	(681)	(681)
Transfers out (in) without reimbursements	(320,469)	—	(320,469)
Total Component of Budget Outlays That Are Not Part of Net Operating Costs	<u>\$ (271,678)</u>	<u>\$ 856,822</u>	<u>\$ 585,144</u>
Misc Items			
Distributed Offsetting Receipts	\$ (292,776)	\$ 480,913	\$ 188,137
Custodial/Non-exchange revenue	(6,981)	12,724	5,743
Other temporary timing differences	2,170	(583,185)	(581,015)
Total Other Reconciling items	<u>\$ (297,587)</u>	<u>\$ (89,548)</u>	<u>\$ (387,135)</u>
Total Net Outlays	<u>\$ 7,235,430</u>	<u>\$ 37,716,802</u>	<u>\$ 44,952,232</u>
Budgetary Agency Outlays, net (SBR 4210)			<u>\$ 44,952,232</u>
Budgetary Agency Outlays, Net			<u>\$ 44,952,232</u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 22. Reconciliation of Net Cost to Net Outlays (continued)

For the year ended September 30, 2022

	Intra- governmental	Other than Intra- governmental	Total
NET COST	\$ 9,153,685	\$ 33,288,965	\$ 42,442,650
Components of Net Cost That Are Not Part of the Budgetary Outlays:			
Property, Plant, and equipment depreciation expense	\$ —	\$ (826,724)	\$ (826,724)
Property, plant, and equipment disposal and revaluation	—	(33,396)	(33,396)
Cost of goods sold	—	(213,615)	(213,615)
Applied overhead/costs capitalization offset	—	15,316	15,316
Other	—	(32,294)	(32,294)
Increase/(decrease) in assets			
Accounts Receivable, Net	66,112	5,268	71,380
Securities and investments	93	—	93
Other Assets	12,744	(86,610)	(73,866)
(Increase)/decrease in liabilities			
Accounts Payable	(130,781)	(11,167)	(141,948)
Environmental and disposal liabilities	—	(3,776)	(3,776)
Federal employees and benefits payable	—	144,591	144,591
Other Liabilities	(26,680)	(607,073)	(633,753)
Financing sources			
Imputed Costs	(1,274,244)	—	(1,274,244)
Total Components of Net Costs That Are Not Part of the Budgetary Outlays:	\$ (1,352,756)	\$ (1,649,480)	\$ (3,002,236)
Component of Budgetary Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	\$ 35,617	\$ 638,223	\$ 673,840
Acquisition of inventory	22	216,008	216,030
Acquisition of other assets	8	89,761	89,769
Financing sources			
Donated revenue	—	(275)	(275)
Transfers out (in) without reimbursements	(284,864)	—	(284,864)
Total Component of Budgetary Outlays That Are Not Part of Net Operating Cost	\$ (249,217)	\$ 943,717	\$ 694,500
Misc Items			
Distributed offsetting receipts	\$ (95,541)	\$ 557,727	\$ 462,186
Custodial/Non-exchange revenue	—	11,845	11,845
Non-Entity Activity	(1)	—	(1)
Other temporary timing differences	(196)	(575,044)	(575,240)
Total Other Reconciling items	\$ (95,738)	\$ (5,472)	\$ (101,210)
Total Net Outlays	\$ 7,455,974	\$ 32,577,730	\$ 40,033,704
Budgetary Agency Outlays, net (SBR 4210)			\$ 40,033,704
Budgetary Agency Outlays, Net			<u><u>\$ 40,033,704</u></u>

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 23. Public-Private Partnerships

In accordance with *SFFAS No. 49, Public-Private Partnerships: Disclosure Requirements*, the BOP maintains public-private partnerships with energy service companies through energy savings performance contracts (ESPC). An ESPC allows federal agencies to procure energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. An ESPC is a partnership between an agency and an energy service company (ESCO), with authority provided by *42 U.S.C. § 8287(b)(1)(A); 10 C.F.R. § 436.30(a)*.

The average length of an ESPC is 17 years but may not exceed 25 years. Term length depends on the scope of work performed by the ESCO and the nature of energy upgrades required by the institution. Annual payments made to the ESCO are tied to the energy savings guaranteed for the project and validated by the ESCO through the annual measurement and verification activity plan. Unless otherwise stipulated in the payment schedules or amended by a procurement action, payments are applied to principal, interest expense, and operational expense. By contrast, Note 15 Other Liabilities includes only liabilities related to principal payments.

As with all property acquisitions, the BOP assumes the inherent risk of maintaining the asset through its expected useful life. There may be additional risks of costs associated with asset ownership or control should those assets require maintenance beyond traditional wear and tear and outside the contractual scope of work. Likewise, private partners may assume added risk given the length of the contracts and may incur substantial financing liabilities in the delivery of performance measures. In addition, the BOP may elect to terminate individual contracts with a lump sum payment predetermined within the contract and as approved by the ESCO.

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

As of September 30, 2023 and 2022

	FY 2023	
	Actual Amount Paid in FY	Estimated Amount to be Paid over Expected Life
ESPCs	\$ 35,196	\$ 545,529
Estimated Total	\$ 35,196	\$ 545,529
	FY 2022	
	Actual Amount Paid in FY	Estimated Amount to be Paid over Expected Life
ESPCs	\$ 21,720	\$ 657,745
Estimated Total	\$ 21,720	\$ 657,745

These notes are an integral part of the financial statements.

Note 24. Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government* (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by USSGL account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Changes in Net Position for each agency. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the DOJ financial statements and the DOJ reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 24. Reclassification of Financial Statement Line Items for Financial Report Compilation Process (continued)

For the Year Ended September 30, 2023

FY 2023 Department of Justice Statement of Net Cost		Line Items Used to Prepare FY 2023 Government-Wide Statement of Net Cost			
Financial Statement Line	Amounts	Dedicated Collections Consolidated	Other than Dedicated Collections (with Eliminations)	Total	Reclassified Financial Statement Line
Gross Costs					<i>Non-Federal Costs</i>
	\$ 42,949,666	\$ 10,238,952	\$ 32,710,714	\$ 42,949,666	Non-federal Gross Costs
	\$ 42,949,666	\$ 10,238,952	\$ 32,710,714	\$ 42,949,666	Total Non-federal Costs
	11,113,315				Intragovernmental Costs
		177,353	4,586,847	4,764,200	Benefit Program Costs
		63,622	1,648,592	1,712,214	Imputed Costs
		488,220	3,167,046	3,655,266	Buy/Sell Costs
		(1)	48,792	48,791	Purchase of Assets
		—	13	13	Borrowing and Other Interest Expense
		22,590	959,032	981,622	Other Expenses (w/o Reciprocals)
		1	(48,792)	(48,791)	Purchase of Assets Offset
	\$ 11,113,315	\$ 751,785	\$ 10,361,530	\$ 11,113,315	Total Intragovernmental Costs
<i>Total Gross Costs</i>	54,062,981	10,990,737	43,072,244	54,062,981	<i>Total Reclassified Gross Costs</i>
Earned Revenue	1,846,762	1,309,989	536,773	1,846,762	Non-federal Earned Revenue
	1,464,594				Intragovernmental Revenue
		15,220	1,428,565	1,443,785	Buy/Sell Revenue
		9,097	11,712	20,809	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
	\$ 1,464,594	\$ 24,317	\$ 1,440,277	\$ 1,464,594	Total Intragovernmental Earned Revenue
<i>Total Earned Revenue</i>	\$ 3,311,356	\$ 1,334,306	\$ 1,977,050	\$ 3,311,356	<i>Total Reclassified Earned Revenue</i>
Net Cost	\$ 50,751,625	\$ 9,656,431	\$ 41,095,194	\$ 50,751,625	Net Cost
Exchange Statement of Custodial Activity					
Exchange Custodial Collections from SCA	15,000	—	15,000	15,000	Non-Federal Earned Revenue
<i>Total Exchange Custodial Collections</i>	15,000	—	15,000	15,000	<i>Total Reclassified Exchange Custodial Collections</i>
					Intragovernmental Earned Revenue
Disposition of Exchange Custodial Collections from SCA	(15,000)	—	(15,000)	(15,000)	Custodial Collections for Others Transferred to the General Fund
					Total Intragovernmental Earned Revenue
<i>Total Disposition of Exchange Custodial Collections</i>	(15,000)	—	(15,000)	(15,000)	<i>Total Reclassified Disposition of Custodial Collections</i>

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 24. Reclassification of Financial Statement Line Items for Financial Report Compilation Process (continued)

For the Year Ended September 30, 2023

FY 2023 Department of Justice Statement of Changes in Net Position		Line Items Used to Prepare FY 2023 Government-Wide Statement of Changes in Net Position				
Financial Statement Line	Amounts	Dedicated Collections Consolidated	Other than Dedicated Collections (with Eliminations)	Total	Reclassified Financial Statement Line	
Unexpended Appropriations						
Unexpended Appropriations, Beginning Balance	\$ 19,923,477	\$ (1,444)	\$ 19,924,921	\$ 19,923,477	Unexpended Appropriations, Beginning Balance	
Appropriations Received	46,884,455	5,707,596	41,176,859	46,884,455	Appropriations Received	
Other Adjustments	(414,745)	(406)	(414,339)	(414,745)	Other Adjustments	
Appropriations Transferred In/Out	433,693	—	433,693	433,693	Appropriations Transferred In/Out	
Appropriations Used	(41,745,367)	(2,668,692)	(39,076,675)	(41,745,367)	Appropriations Used	
Total Unexpended Appropriations	\$ 25,081,513	\$ 3,037,054	\$ 22,044,459	\$ 25,081,513	Total Unexpended Appropriations	
Cumulative Results of Operations						
Cumulative Results, Beginning Balance	\$ 11,615,520	\$ 8,438,893	\$ 3,176,627	\$ 11,615,520	Cumulative Results, Beginning Balance, as adjusted	
Other Adjustments	(600,086)	(500,086)	(100,086)	(600,086)	Other Adjustments	
Appropriations Used	41,745,367	2,668,692	39,076,675	41,745,367	Appropriations Used	
Non-Exchange Revenue	1,983,278				<i>Non-federal Non-Exchange Revenues</i>	
		1,612,771	560	1,613,331	Miscellaneous Taxes and Receipts	
		\$ 1,612,771	\$ 560	\$ 1,613,331	Total Non-Federal Non-Exchange Revenues	
					<i>Federal Non-Exchange Revenue</i>	
		\$ 369,947	\$ —	\$ 369,947	Total Federal Non-Exchange Revenue	
<i>Total Non-Exchange Revenues</i>	<i>\$ 1,983,278</i>	<i>\$ 1,982,718</i>	<i>\$ 560</i>	<i>\$ 1,983,278</i>	<i>Total Non-Exchange Revenues</i>	
Donations and Forfeitures of Property	224,397	224,397	—	224,397	Donations and Forfeitures of Property	
Transfers In/Out w/o Reimbursement - Budgetary	668,600	(24,051)	692,651	668,600	Transfers In/Out w/o Reimbursement - Budgetary	
Other	(13,493)	1	(13,494)	(13,493)	Other	
Donations and Forfeitures of Cash and Equivalents	3,007,838	3,007,157	681	3,007,838	Donations and Forfeitures of Cash and Equivalents	
Imputed Financing	1,712,213	63,624	1,648,589	1,712,213	Imputed Financing	
Total Donations, Transfers, & Imputed	\$ 5,599,555	\$ 3,271,128	\$ 2,328,427	\$ 5,599,555	Total Donations, Transfers, & Imputed	
Net Cost of Operations	(50,751,625)	(9,656,431)	(41,095,194)	(50,751,625)	Net Cost of Operations	
Ending Balance - Cumulative Results of Operations	\$ 9,592,009	\$ 6,205,000	\$ 3,387,009	\$ 9,592,009	Cumulative Results of Operations	
Total Net Position	\$ 34,673,522	\$ 9,242,054	\$ 25,431,468	\$ 34,673,522	Net Position	
Non-Exchange Statement of Custodial Activity						
Non-Exchange Custodial Collections from the SCA	5,827,262	—	6,851,226	6,851,226	Other Cash Collections	
		—	(1,023,964)	(1,023,964)	Accrual Adjustments	
<i>Total Non-Exchange Custodial Collections</i>	<i>5,827,262</i>	<i>—</i>	<i>5,827,262</i>	<i>5,827,262</i>	<i>Net Custodial Revenue</i>	
Disposition of Non-Exchange Custodial Collections from the SCA	(5,827,262)	—	(630,973)	(630,973)	Amounts Provided to Fund Non-federal Entities	
		—	(6,290,794)	(6,290,794)	Amounts Provided to Fund the Federal Government	
		—	—	1,285,699	1,285,699	Non-Cash Accrual Adjustment
		—	—	(191,194)	(191,194)	Retained by Reporting Entity
<i>Total Disposition of Non-Exchange Custodial Collections</i>	<i>(5,827,262)</i>	<i>—</i>	<i>(5,827,262)</i>	<i>(5,827,262)</i>	<i>Total Distribution of Collections</i>	
	\$ —	\$ —	\$ —	\$ —	<i>Net Custodial Activity</i>	

These notes are an integral part of the financial statements.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**Note 25. Compensation Funds**

The Department's Compensation Funds are classified as Other Liabilities, however *OMB A-136* allows agencies to disaggregate a required line title into two or more entity-specific line titles. DOJ elected to present the below compensation funds as separate line items on the balance sheet. In doing so, compensation funds are not presented in Note 15 - Other Liabilities. To comply with *SFFAS No. 1, Accounting for Selected Assets and Liabilities*, DOJ considers compensation fund liabilities as current liabilities.

Radiation Exposure Compensation Act

On October 15, 1990, Congress passed the *RECA (the Act, Public Law 101-426)*, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department and published in the *Federal Register* on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the *Federal Register* on March 22, 1999, served to greater assist claimants in establishing entitlement to an award.

On July 10, 2000, the *RECA Amendments of 2000 (Public Law 106-245)* was enacted. Some of the widespread changes include new claimant populations, additional compensable diseases, lower radiation exposure thresholds, modified medical documentation requirements, and removal of certain disease restrictions. Pursuant to the *RECA Amendments of 2000*, the Department was directed to issue implementing regulations. The Department published two related rule-makings in the *Federal Register* to implement the legislation.

Subsequent action by Congress required modification to those rule-makings. Therefore, the Department published a "final" rule in the *Federal Register* on March 23, 2004, which went into effect on April 22, 2004.

There are now five categories of claimants: uranium miners, uranium millers, ore transporters, downwinders, and onsite participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

The enactment of two pieces of legislation changed the funding sources for RECA claimants. The *National Defense Authorization Act (NDAA)* for FY 2005 requires that RECA Section 5 claimants (uranium miners, millers, and ore transporters) be paid out of the Department of Labor's (Labor) Energy Employees Occupational Illness Compensation Fund. The RECA Section 5 liability of \$316,993 as of March 30, 2004, was transferred to Labor during FY 2005. The RECA Fund began exclusively paying RECA Section 4 claimants (downwinders and on-site participants) in FY 2005. The *Consolidated Appropriations Act* for 2005, contains language that made funding for the RECA Trust Fund mandatory and indefinite beginning in FY 2006.

The OBDs recognized liabilities of \$48,779 and \$155,437 for estimated future benefits payable by the Department as of September 30, 2023 and 2022 respectively. The estimated liability is based on activity between FYs 2007-2011 and FYs 2015-2023. Key factors in determining future liability include trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved.

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 25. Compensation Funds (continued)

The *RECA Extension Act of 2022 (Public Law 117-139)*, extends the RECA Trust Fund and the filing deadline for new claims for two years from its date of enactment (June 2022). Therefore, the Department estimates that final payments will be made in FY 2025. Currently, there is a pending legislation in Congress - *H.R. 5338: Radiation Exposure Compensation Act Amendments of 2021*, to expand and extend the program for another 19 years to 2040.

September 11th Victim Compensation Fund

On December 18, 2015, the *James Zadroga 9/11 Health and Compensation Act of 2010* was reauthorized (*Reauthorized Zadroga Act, Public Law 114-113*), extending the September 11th Victim Compensation Fund (VCF) for 5 years. The *Reauthorized Zadroga Act* made changes to the method in which the fund calculates awards for claimants receiving award determination letters dated on or after December 17, 2015. This included limiting the amount of non-economic loss that could be awarded, eliminating claims for future out-of-pocket medical expenses, and capping the gross annual income level that can be used when calculating future economic loss.

On July 29, 2019, the President signed into law *The Never Forget the Heroes: James Zadroga, Ray Pfeifer, and Luis Alvarez Permanent Authorization of the September 11th Victim Compensation Fund*. The *VCF Permanent Authorization Act* extends the VCF's claim filing deadline from December 18, 2020, to October 1, 2090, and appropriates such funds as may be necessary to pay all approved claims.

The VCF meets the criteria of a government-acknowledged event as defined by *SFFAS No.5, Accounting for Liabilities of the Federal Government*. The OBDs recognized liabilities of \$2.98 billion and \$3.58 billion for estimated future benefits payable by the Department as of September 30, 2023 and 2022 respectively. In accordance with *SFFAS No. 5*, the September 30, 2023 liability for non-exchange transactions is based on unreported amounts due or estimated amount of claimants that will meet the eligibility criteria submitted by September 30, 2023. The VCF records an obligation and disburses the claim, only when both the claimant and the special master have final agreement of the claim settlement amount.

The Department recognizes there are uncertainties that will influence future claims submitted beyond those submitted by September 30, 2023 including:

- Determining the ultimate number of individuals impacted by the events of September 11, 2001, and the number that will seek treatment and file a claim seeking compensation for injury or death.
- Determining the number of individuals who will die as a result of a September 11th related illness.
- Determining the future cancer incidence rates in the affected population.
- Future conditions approved by The World Trade Center (WTC) Health program: the WTC Health Program conducts ongoing research into conditions that may be presumptively tied to an individual's exposure. Should new conditions be added to the WTC Health Program's list of conditions, these same conditions will be added to the VCF's list of conditions eligible for compensation. The WTC Health Program is currently conducting research in several areas, including autoimmune disorders and cardiac disease. The addition of one or more new conditions could open the VCF to claims from an

Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)

Note 25. Compensation Funds (continued)

- entirely new population of individuals or amendments from current claimants suffering from a new condition or a loss tied to a new condition.
- Ability to amend a claim at any point until October 1, 2090: the VCF allows a claimant to amend a claim at any time if the individual is certified for a new condition, suffers a new loss (such as a new disability), or dies of an eligible condition after previously being compensated on a personal injury claim.

United States Victims of State Sponsored Terrorism Fund

The *USVSST Act* established the USVSSTF to provide compensation to individuals harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSSTF awards compensation to victims who have final judgments issued under the *Foreign Sovereign Immunities Act* by U.S. district courts against a state sponsor of terrorism, as well as to hostages held at the U.S. Embassy in Tehran, Iran from November 4, 1979 through January 20, 1981, and their spouses and children.

The *USVSST Act* mandates that certain forfeiture proceeds, penalties, and fines be deposited into the USVSSTF if forfeited or paid to the United States after the date of the Act's enactment, December 18, 2015. The forfeiture proceeds, penalties, and fines qualify for deposit in the USVSSTF if they result from criminal and civil cases and administrative actions involving prohibited transactions with state sponsors of terrorism or related conspiracies or federal offenses.

The *Consolidated Appropriations Act, 2021*, required the Comptroller General of the United States to conduct an audit and prepare a report on proposed lump sum catch-up payments to certain 9/11 victims, 9/11 spouses, and 9/11 dependents. The Comptroller General, Government Accountability Office (GAO) published its report on these estimated lump sum catch-up payments on August 11, 2021. The *Fairness for 9/11 Families Act*, enacted by Congress on December 29, 2022 (*Fairness Act, Public Law 117-328*), amended the *Consolidated Appropriations Act* to direct the Special Master to authorize these payments and to appropriate funds for use only as "such sums necessary" to pay these lump sum catch-up payments. The legislation directed the Special Master to make the payments in amounts equal to those calculated by the GAO. The GAO report establishes which claimants are eligible for these payments and how they are calculated. The statute did not include a deadline to issue these payments. See *34 U.S.C. § 20144(d)(4)(C)*.

The *Fairness Act* required the Comptroller General of the United States to conduct an audit to determine proposed lump sum catch-up payments to certain 1983 Beirut barracks bombing victims and certain 1996 Khobar Towers bombing victims. The *Fairness Act* also established a "lump sum catch-up payment reserve fund" within the USVSSTF, and appropriated \$3.0 billion to that reserve fund. The Comptroller General must submit a report to Congress and the Special Master that includes determinations of the amount of the payments; this report is due by January 29, 2024. The Special Master shall authorize the lump sum catch-up payments specific to Beirut and Khobar Towers victims, with payments to begin 90 days after the Comptroller General's report is issued.

**Notes to the Principal Financial Statements
(Dollars in Thousands, Except as Noted)**

Note 25. Compensation Funds (continued)

The statute explicitly states “(bb) Remaining amounts: All amounts remaining in the lump sum catch-up payment reserve fund in excess of the amounts described in subclauses (i) and (ii) of clause (iii) shall be deposited into the Fund under this section.” As of September 30, 2023, there are unpaid eligible claims that exceed the \$3.0 billion in funding received through the Fairness Act.

As of September 30, 2023 and 2022, the USVSSTF recognized liabilities for future claims amounted to \$3.32 billion and \$208.80 million, respectively.

Required Supplementary Information *(Unaudited)*

See Independent Auditors' Report

Deferred Maintenance and Repairs

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

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

However, certain asset types are specifically excluded from the DM&R assessment such as land, construction in progress (CIP), leasehold improvements, and internal use software (IUS). Land is acquired for operational purposes, predominately to construct physical assets and for training. Land does not have a useful life nor does it depreciate. Beyond general care necessary for the operational purpose for which it was acquired, land does not require maintenance and repairs as defined by *SFFAS 42*. CIP refers to on-going construction where any maintenance and repairs is remediated through the construction process. Leasehold improvements are improvements to non-DOJ owned assets and are amortized over the lease term. Leasehold improvements occur when modifications to leased spaces are required to accommodate operational activities in achievement of mission objectives. General maintenance and repair activities are accomplished through the terms of the lease and are generally at the expense of the lessor. IUS refers to purchased software that has been internally developed to meet critical operational needs. IUS is serviced through help desk initiatives and undergoes routine scheduled assessments. Maintenance and repairs are not deferred.

In FY 2023, the Department issued a data call to components to assess the department-wide DM&R. Based on the G-PP&E portfolio of the DOJ, other than BOP, the remaining components do not have a G-PP&E portfolio with significant DM&R.

With over 120 owned institutions, totaling over 66 million square feet, encompassing 46 thousand acres, the BOP is unlike other DOJ components. The BOP is solely responsible for managing and maintaining their aging infrastructure. Over 53 percent of BOP's prison facilities are over 30 years old, with approximately 30 percent over 50 years old. Prison facilities are subject to greater than normal wear and tear as they are continuously operated. Older facilities tend to require repairs to infrastructure systems pertaining to water, sewer, electrical, HVAC, alarm systems, fences, roofs, etc. These older facilities present higher needs for repair and renovation than newer facilities and consume a large portion of the BOP's maintenance and repair (M&R) resources to maintain an acceptable condition. BOP expects capital improvements are necessary in the near term to keep their aging facilities operational. In FY 2023, the BOP awarded a contract to address and prioritize infrastructure needs by developing a strategic framework for increasing the overall effectiveness of facilities management. While BOP acknowledges the existence of DM&R, an estimate was not available at the time of this report.

U.S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2023

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 20)	\$ 1,372,811	\$ 213,425	\$ 2,109,083	\$ 379,061	\$ 3,167,866	\$ 162,965	\$ 2,980,802	\$ 1,277,806	\$ 301,958	\$ 11,965,777
Appropriations (discretionary and mandatory)	2,742,379	1,747,264	8,672,588	3,169,232	11,357,768	—	15,330,721	5,276,760	4,549,727	52,846,439
Spending Authority from Offsetting Collections (discretionary and mandatory)	17,455	48,795	463,486	27,839	1,266,839	721,482	2,134,615	359,468	101,652	5,141,631
Total Budgetary Resources	\$ 4,132,645	\$ 2,009,484	\$ 11,245,157	\$ 3,576,132	\$ 15,792,473	\$ 884,447	\$ 20,446,138	\$ 6,914,034	\$ 4,953,337	\$ 69,953,847
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	\$ 1,622,470	\$ 1,764,360	\$ 9,770,630	\$ 3,258,289	\$ 12,748,200	\$ 711,898	\$ 15,479,722	\$ 6,157,792	\$ 4,741,361	\$ 56,254,722
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	2,416,464	215,641	921,196	262,907	2,724,976	—	4,593,368	712,198	148,097	11,994,847
Exempt from Apportionment, Unexpired Accounts	—	—	168,138	—	—	172,549	—	—	—	340,687
Unapportioned, Unexpired Accounts	93,711	5,717	8,802	7,116	5,500	—	112,490	43,914	—	277,250
Unexpired, Unobligated Balance, End of Year	2,510,175	221,358	1,098,136	270,023	2,730,476	172,549	4,705,858	756,112	148,097	12,612,784
Expired Unobligated Balance, End of Year	—	23,766	376,391	47,820	313,797	—	260,558	130	63,879	1,086,341
Unobligated Balance - End of Year (Total)	2,510,175	245,124	1,474,527	317,843	3,044,273	172,549	4,966,416	756,242	211,976	13,699,125
Total Status of Budgetary Resources	\$ 4,132,645	\$ 2,009,484	\$ 11,245,157	\$ 3,576,132	\$ 15,792,473	\$ 884,447	\$ 20,446,138	\$ 6,914,034	\$ 4,953,337	\$ 69,953,847
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	\$ 1,466,582	\$ 1,586,568	\$ 8,421,714	\$ 3,061,295	\$ 10,736,500	\$ (45,477)	\$ 11,517,563	\$ 4,858,430	\$ 4,543,374	\$ 46,146,549
Less: Distributed Offsetting Receipts	237,751	291	1,643	583,117	596	—	366,549	—	4,370	1,194,317
Agency Outlays, Net (discretionary and mandatory)	\$ 1,228,831	\$ 1,586,277	\$ 8,420,071	\$ 2,478,178	\$ 10,735,904	\$ (45,477)	\$ 11,151,014	\$ 4,858,430	\$ 4,539,004	\$ 44,952,232

**U.S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2022**

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 20)	\$ 1,157,312	\$ 214,415	\$ 1,821,357	\$ 404,946	\$ 2,747,365	\$ 226,189	\$ 2,719,265	\$ 2,340,472	\$ 260,116	\$ 11,891,437
Appropriations (discretionary and mandatory)	1,587,082	1,531,367	8,044,000	3,017,645	11,005,926	—	8,426,634	4,998,548	4,401,162	43,012,364
Spending Authority from Offsetting Collections (discretionary and mandatory)	14,720	43,829	417,995	16,458	1,168,540	618,374	2,324,465	325,149	102,728	5,032,258
Total Budgetary Resources	\$ 2,759,114	\$ 1,789,611	\$ 10,283,352	\$ 3,439,049	\$ 14,921,831	\$ 844,563	\$ 13,470,364	\$ 7,664,169	\$ 4,764,006	\$ 59,936,059
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	\$ 1,446,401	\$ 1,613,308	\$ 8,352,023	\$ 3,180,627	\$ 11,991,232	\$ 681,598	\$ 11,710,085	\$ 6,623,091	\$ 4,547,338	\$ 50,145,703
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,131,045	150,624	1,212,221	221,177	2,618,151	—	1,444,421	1,018,391	141,009	7,937,039
Exempt from Apportionment, Unexpired Accounts	—	—	142,185	—	—	162,965	—	—	—	305,150
Unapportioned, Unexpired Accounts	181,668	6,642	10,463	1,151	8,821	—	89,758	22,687	1,979	323,169
Unexpired, Unobligated Balance, End of Year	1,312,713	157,266	1,364,869	222,328	2,626,972	162,965	1,534,179	1,041,078	142,988	8,565,358
Expired Unobligated Balance, End of Year	—	19,037	566,460	36,094	303,627	—	226,100	—	73,680	1,224,998
Unobligated Balance - End of Year (Total)	1,312,713	176,303	1,931,329	258,422	2,930,599	162,965	1,760,279	1,041,078	216,668	9,790,356
Total Status of Budgetary Resources	\$ 2,759,114	\$ 1,789,611	\$ 10,283,352	\$ 3,439,049	\$ 14,921,831	\$ 844,563	\$ 13,470,364	\$ 7,664,169	\$ 4,764,006	\$ 59,936,059
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	\$ 1,594,790	\$ 1,479,368	\$ 7,530,966	\$ 2,977,829	\$ 10,275,897	\$ 7,163	\$ 8,025,373	\$ 4,703,362	\$ 4,322,388	\$ 40,917,136
Less: Distributed Offsetting Receipts	21,162	283	361	575,044	175	—	282,110	—	4,297	883,432
Agency Outlays, Net (discretionary and mandatory)	\$ 1,573,628	\$ 1,479,085	\$ 7,530,605	\$ 2,402,785	\$ 10,275,722	\$ 7,163	\$ 7,743,263	\$ 4,703,362	\$ 4,318,091	\$ 40,033,704

U.S. Department of Justice
Land Acreage
As of September 30, 2023

Estimated Land Acreage

Pursuant to *SFFAS No. 59, Accounting and Reporting of Government Land*, federal reporting entities are required to report estimated land acres to increase transparency, comparability, consistency, and reliability of land information. As such, components of the DOJ own and maintain land for operational purposes in accordance with their individual missions. As of September 30, 2023, estimated land acres by component is presented in the following table:

As of September 30, 2023	ATF	BOP	DEA	FBI	Total
PP&E Land					
Start of Prior Year	35	46,204	12	1,902	48,153
Start of Current Year	35	46,204	12	1,976	48,227
End of Current Year	35	45,283	12	1,976	47,306

Per *DOJ Policy Statement 1400.06, Accounting for General Property, Plant, and Equipment and Internal Use Software*, land is recognized at historical cost, categorized as real property, always capitalized, and never depreciated.

The ATF owns and operates the National Laboratory Center located in Ammendale, Maryland. It is the main hub of the ATF’s scientific research that includes the Fire Research Laboratory (FRL), National Firearms Examiner Academy (NFEA), and one of three forensic science laboratories. Throughout its history and pursuant to its mission, the BOP has acquired 122 correctional facilities across the United States and the land those facilities reside upon. The DEA owns land for its Aviation Division in Ft. Worth, Texas. The FBI owns land for the purpose of constructing buildings, ranges, and other structures.

All DOJ reported land acres is considered operational by predominate use, as it is used for mission related activities. DOJ does not have any land considered as commercial by predominate use.

Other - Consolidating and Combining Statements
(Unaudited)

**U.S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2023**

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Assets (Note 2)											
Intragovernmental Assets:											
Fund Balance with Treasury (Note 3)	\$ 2,647,870	\$ 686,660	\$ 3,568,627	\$ 1,196,987	\$ 6,603,222	\$ 19,966	\$ 6,960,912	\$ 13,948,629	\$ 1,220,800	\$ —	\$ 36,853,673
Investments, Net (Note 5)	2,635,482	—	—	—	—	323,944	3,491,998	—	—	—	6,451,424
Accounts Receivable (Note 6)	11,929	10,952	2,132	4,427	361,488	31,235	548,604	5,582	10,505	(329,931)	656,923
Advances and Prepayments	2,713	905	6,654	46,850	19,736	—	19,360	54,650	—	(2,771)	148,097
Other Assets (Note 10)	—	143	—	—	—	55,729	42	—	—	—	55,914
Total Intragovernmental Assets	\$ 5,297,994	\$ 698,660	\$ 3,577,413	\$ 1,248,264	\$ 6,984,446	\$ 430,874	\$ 11,020,916	\$ 14,008,861	\$ 1,231,305	\$ (332,702)	\$ 44,166,031
Other than Intragovernmental Assets:											
Cash and Other Monetary Assets (Note 4)	\$ 3,105,697	\$ 15,084	\$ 473	\$ 18,861	\$ 141,407	\$ —	\$ 51	\$ —	\$ —	\$ —	\$ 3,281,573
Accounts Receivable, Net (Note 6)	48	122	25,347	3,603	45,843	5,243	1,145,421	225,346	160	—	1,451,133
Inventory and Related Property, Net	—	—	—	—	—	—	—	—	—	—	—
Forfeited Property, Net (Note 8)	105,996	—	—	—	—	—	—	—	—	—	105,996
Inventory and Related Property, Net (Note 7)	—	—	28,112	14,779	—	78,048	—	—	7,276	—	128,215
General Property, Plant and Equipment, Net (Note 9)	973	180,772	3,445,127	254,761	3,043,060	70,760	192,424	65,137	513,775	—	7,766,789
Advances and Prepayments	—	1,368	15,711	801	167,184	482	53	315,850	—	—	501,449
Other Assets (Note 10)	143	—	—	—	2	8	—	—	184	—	337
Total Other than Intragovernmental Assets	\$ 3,212,857	\$ 197,346	\$ 3,514,770	\$ 292,805	\$ 3,397,496	\$ 154,541	\$ 1,337,949	\$ 606,333	\$ 521,395	\$ —	\$ 13,235,492
Total Assets	\$ 8,510,851	\$ 896,006	\$ 7,092,183	\$ 1,541,069	\$ 10,381,942	\$ 585,415	\$ 12,358,865	\$ 14,615,194	\$ 1,752,700	\$ (332,702)	\$ 57,401,523
Liabilities (Note 11)											
Intragovernmental Liabilities:											
Accounts Payable	\$ 41,970	\$ 20,350	\$ 141,367	\$ 89,309	\$ 160,311	\$ 3,663	\$ 167,432	\$ 57,564	\$ 59,213	\$ (329,931)	\$ 411,248
Advances from Others and Deferred Revenue	—	—	—	—	49,313	132,572	39,130	6,215	—	(2,771)	224,459
Other Liabilities	—	—	518	3,367	2,453	—	1,360,884	—	10	—	1,367,232
Custodial Liabilities (Note 21)	—	—	—	—	—	—	—	—	—	—	—
Other (Note 15)	1,536	39,149	281,944	50,736	151,918	4,272	80,775	1,916	40,350	—	652,596
Total Intragovernmental Liabilities	\$ 43,506	\$ 59,499	\$ 423,829	\$ 143,412	\$ 363,995	\$ 140,507	\$ 1,648,221	\$ 65,695	\$ 99,573	\$ (332,702)	\$ 2,655,535
Other than Intragovernmental Liabilities:											
Accounts Payable	\$ 744,619	\$ 35,771	\$ 412,627	\$ 70,879	\$ 424,631	\$ 50,258	\$ 490,042	\$ 142,094	\$ 392,353	\$ —	\$ 2,763,274
Federal Employee Benefits Payable	4,599	183,504	1,238,877	244,628	599,544	14,746	281,888	10,013	174,959	—	2,752,758
Environmental and Disposal Liabilities (Note 12)	—	—	81,091	—	4,926	—	—	—	—	—	86,017
Advances from Others and Deferred Revenue	105,996	—	466	856,986	4,930	—	—	—	—	—	968,378
Other	—	—	—	—	—	—	212,164	613,264	—	—	825,428
Accrued Grant Liabilities	—	—	—	—	—	—	—	—	—	—	—
Seized Cash and Monetary Instruments (Note 14)	4,680,116	6,210	—	653	65,122	—	—	—	—	—	4,752,101
Radiation Exposure Compensation Act Liabilities (Note 25)	—	—	—	—	—	—	48,779	—	—	—	48,779
September 11th Victim Compensation Fund Liabilities (Note 25)	—	—	—	—	—	—	2,981,356	—	—	—	2,981,356
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	—	—	—	—	—	—	3,320,721	—	—	—	3,320,721
Other Liabilities (Note 15)	3,041	41,826	687,795	104,438	353,186	11,651	297,581	6,783	67,353	—	1,573,654
Total Other than Intragovernmental Liabilities	\$ 5,538,371	\$ 267,311	\$ 2,420,856	\$ 1,277,584	\$ 1,452,339	\$ 76,655	\$ 7,632,531	\$ 772,154	\$ 634,665	\$ —	\$ 20,072,466
Total Liabilities	\$ 5,581,877	\$ 326,810	\$ 2,844,685	\$ 1,420,996	\$ 1,816,334	\$ 217,162	\$ 9,280,752	\$ 837,849	\$ 734,238	\$ (332,702)	\$ 22,728,001
Commitments and Contingencies (Note 16)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,037,054	\$ —	\$ —	\$ —	\$ 3,037,054
Unexpended Appropriations - Funds from other than Dedicated Collections	—	472,419	2,453,506	653,791	5,326,313	—	4,982,726	7,528,290	627,414	—	22,044,459
Total Unexpended Appropriations	\$ —	\$ 472,419	\$ 2,453,506	\$ 653,791	\$ 5,326,313	\$ —	\$ 8,019,780	\$ 7,528,290	\$ 627,414	\$ —	\$ 25,081,513
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	2,928,974	—	207,081	(589,637)	—	—	(2,532,170)	6,190,752	—	—	6,205,000
Cumulative Results of Operations - Funds other than those from Dedicated Collections	—	96,777	1,586,911	55,919	3,239,295	368,253	(2,409,497)	58,303	391,048	—	3,387,009
Total Cumulative Results of Operations	\$ 2,928,974	\$ 96,777	\$ 1,793,992	\$ (533,718)	\$ 3,239,295	\$ 368,253	\$ (4,941,667)	\$ 6,249,055	\$ 391,048	\$ —	\$ 9,592,009
Total Net Position	\$ 2,928,974	\$ 569,196	\$ 4,247,498	\$ 120,073	\$ 8,565,608	\$ 368,253	\$ 3,078,113	\$ 13,777,345	\$ 1,018,462	\$ —	\$ 34,673,522
Total Liabilities and Net Position	\$ 8,510,851	\$ 896,006	\$ 7,092,183	\$ 1,541,069	\$ 10,381,942	\$ 585,415	\$ 12,358,865	\$ 14,615,194	\$ 1,752,700	\$ (332,702)	\$ 57,401,523

**U.S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2022**

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Assets (Note 2)											
Intragovernmental Assets:											
Fund Balance with Treasury (Note 3)	\$ 1,350,658	\$ 526,883	\$ 3,525,824	\$ 1,094,802	\$ 5,992,049	\$ 19,579	\$ 6,508,538	\$ 14,005,379	\$ 1,210,727	\$ —	\$ 34,234,439
Investments, Net (Note 5)	2,526,048	—	—	—	—	279,599	330,912	—	—	—	3,136,559
Accounts Receivable (Note 6)	6,010	13,259	4,293	3,800	398,082	38,095	477,850	11,569	6,934	(287,923)	671,969
Advances and Prepayments	—	2	6,038	40,207	7,318	—	—	108,235	—	(2,980)	158,820
Other Assets (Note 10)	—	367	—	—	—	57,797	(3)	—	—	—	58,161
Total Intragovernmental Assets	\$ 3,882,716	\$ 540,511	\$ 3,536,155	\$ 1,138,809	\$ 6,397,449	\$ 395,070	\$ 7,317,297	\$ 14,125,183	\$ 1,217,661	\$ (290,903)	\$ 38,259,948
Other than Intragovernmental Assets:											
Cash and Other Monetary Assets (Note 4)	\$ 1,245,248	\$ 12,487	\$ 470	\$ 19,259	\$ 134,795	\$ —	\$ 51	\$ —	\$ —	\$ —	\$ 1,412,310
Accounts Receivable, Net (Note 6)	42	133	24,098	3,540	43,653	4,899	2,147,222	2,062	144	—	2,225,793
Inventories and Related Property, Net	—	—	—	—	—	—	—	—	—	—	—
Forfeited Property, Net (Note 8)	95,062	—	—	—	—	—	—	—	—	—	95,062
Inventories and Related Property, Net (Note 7)	—	—	23,952	12,715	—	78,456	—	—	5,238	—	120,361
General Property, Plant and Equipment, Net (Note 9)	1,099	166,075	4,081,826	275,160	2,945,310	77,078	189,781	55,590	473,860	—	8,265,779
Advances and Prepayments	1,000	1,154	16,115	248	141,979	1,302	5,857	334,638	—	—	502,293
Other Assets (Note 10)	2	—	—	—	1	411	—	—	184	—	598
Total Other than Intragovernmental Assets	\$ 1,342,453	\$ 179,849	\$ 4,146,461	\$ 310,922	\$ 3,265,738	\$ 162,146	\$ 2,342,911	\$ 392,290	\$ 479,426	\$ —	\$ 12,622,196
Total Assets	\$ 5,225,169	\$ 720,360	\$ 7,682,616	\$ 1,449,731	\$ 9,663,187	\$ 557,216	\$ 9,660,208	\$ 14,517,473	\$ 1,697,087	\$ (290,903)	\$ 50,882,144
Liabilities (Note 11)											
Intragovernmental Liabilities:											
Accounts Payable	\$ 104,297	\$ 26,832	\$ 110,395	\$ 79,860	\$ 122,021	\$ 5,021	\$ 164,884	\$ 35,322	\$ 63,416	\$ (287,923)	\$ 424,125
Advances from Others and Deferred Revenue	—	—	—	13	67,156	106,047	25,965	5,873	—	(2,980)	202,074
Other	—	—	414	3,341	3,401	—	2,570,987	—	—	—	2,578,143
Custodial Liabilities (Note 21)	—	—	—	—	—	—	—	—	—	—	—
Other Liabilities (Note 15)	929	36,073	268,610	48,716	142,494	4,084	67,319	1,673	37,571	—	607,469
Total Intragovernmental Liabilities	\$ 105,226	\$ 62,905	\$ 379,419	\$ 131,930	\$ 335,072	\$ 115,152	\$ 2,829,155	\$ 42,868	\$ 100,987	\$ (290,903)	\$ 3,811,811
Other than Intragovernmental Liabilities:											
Accounts Payable	\$ 630,705	\$ 26,196	\$ 509,919	\$ 75,022	\$ 412,816	\$ 46,922	\$ 442,352	\$ 95,514	\$ 419,231	\$ —	\$ 2,658,677
Federal Employee Benefits Payable	4,541	178,020	1,190,375	244,595	582,665	13,110	280,531	9,501	170,049	—	2,673,387
Environmental and Disposal Liabilities (Note 12)	—	—	78,515	—	4,875	—	—	—	—	—	83,390
Advances from Others and Deferred Revenue	95,062	—	1,060	818,840	7,433	—	—	—	—	—	922,395
Other	—	—	—	—	—	—	214,389	606,850	—	—	821,239
Accrued Grant Liabilities	—	—	—	—	—	—	—	—	—	—	—
Seized Cash and Monetary Instruments (Note 14)	2,816,203	4,138	—	705	56,187	—	—	—	—	—	2,877,233
Radiation Exposure Compensation Act Liabilities (Note 25)	—	—	—	—	—	—	155,437	—	—	—	155,437
September 11th Victim Compensation Fund Liabilities (Note 25)	—	—	—	—	—	—	3,580,103	—	—	—	3,580,103
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	—	—	—	—	—	—	208,803	—	—	—	208,803
Other Liabilities (Note 15)	\$ 2,940	\$ 39,915	\$ 725,940	\$ 101,080	\$ 330,854	\$ 12,061	\$ 273,591	\$ 7,644	\$ 56,647	\$ —	\$ 1,550,672
Total Other than Intragovernmental Liabilities:	\$ 3,549,451	\$ 248,269	\$ 2,505,809	\$ 1,240,242	\$ 1,394,830	\$ 72,093	\$ 5,155,206	\$ 719,509	\$ 645,927	\$ —	\$ 15,531,336
Total Liabilities	\$ 3,654,677	\$ 311,174	\$ 2,885,228	\$ 1,372,172	\$ 1,729,902	\$ 187,245	\$ 7,984,361	\$ 762,377	\$ 746,914	\$ (290,903)	\$ 19,343,147
Commitments and Contingencies (Note 16)											
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,444)	\$ —	\$ —	\$ —	\$ (1,444)
Unexpended Appropriations - Funds from other than Dedicated Collections	—	313,325	2,373,249	575,032	4,840,987	—	4,293,022	6,934,118	595,188	—	19,924,921
Total Unexpended Appropriations	\$ —	\$ 313,325	\$ 2,373,249	\$ 575,032	\$ 4,840,987	\$ —	\$ 4,291,578	\$ 6,934,118	\$ 595,188	\$ —	\$ 19,923,477
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	\$ 1,570,492	\$ —	\$ 170,082	\$ (615,501)	\$ —	\$ —	\$ 543,495	\$ 6,770,325	\$ —	\$ —	\$ 8,438,893
Cumulative Results of Operations - Funds other than those from Dedicated Collections	—	95,861	2,254,057	118,028	3,092,298	369,971	(3,159,226)	50,653	354,985	—	3,176,627
Total Cumulative Results of Operations	\$ 1,570,492	\$ 95,861	\$ 2,424,139	\$ (497,473)	\$ 3,092,298	\$ 369,971	\$ (2,615,731)	\$ 6,820,978	\$ 354,985	\$ —	\$ 11,615,520
Total Net Position	\$ 1,570,492	\$ 409,186	\$ 4,797,388	\$ 77,559	\$ 7,933,285	\$ 369,971	\$ 1,675,847	\$ 13,755,096	\$ 950,173	\$ —	\$ 31,538,997
Total Liabilities and Net Position	\$ 5,225,169	\$ 720,360	\$ 7,682,616	\$ 1,449,731	\$ 9,663,187	\$ 557,216	\$ 9,660,208	\$ 14,517,473	\$ 1,697,087	\$ (290,903)	\$ 50,882,144

U.S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2023

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated (Note 18)
Major Program 1: Law Enforcement											
Gross Cost	\$ 1,613,032	\$ 1,721,096	\$ —	\$ 3,267,444	\$ 12,534,515	\$ —	\$ 541,939	\$ —	\$ 2,449,373	\$ (797,171)	\$ 21,330,228
Less: Earned Revenues	15,220	48,924	—	573,658	1,125,236	—	(13,837)	—	57,805	(360,274)	1,446,732
Net Cost of Operations	\$ 1,597,812	\$ 1,672,172	\$ —	\$ 2,693,786	\$ 11,409,279	\$ —	\$ 555,776	\$ —	\$ 2,391,568	\$ (436,897)	\$ 19,883,496
Major Program 2: Litigation and Compensation											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,813,658	\$ —	\$ —	\$ (27,162)	\$ 11,786,496
Less: Earned Revenues	—	—	—	—	—	—	457,129	—	—	(45,098)	412,031
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,356,529	\$ —	\$ —	\$ 17,936	\$ 11,374,465
Major Program 3: Prisons and Detention											
Gross Cost	\$ —	\$ —	\$ 9,943,664	\$ —	\$ —	\$ 708,192	\$ 10,567	\$ —	\$ 2,194,267	\$ (322,329)	\$ 12,534,361
Less: Earned Revenues	—	—	376,769	—	—	677,536	—	—	305	(107,090)	947,520
Net Cost of Operations	\$ —	\$ —	\$ 9,566,895	\$ —	\$ —	\$ 30,656	\$ 10,567	\$ —	\$ 2,193,962	\$ (215,239)	\$ 11,586,841
Major Program 4: Grants											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 865,606	\$ 5,051,382	\$ —	\$ (106,079)	\$ 5,810,909
Less: Earned Revenues	—	—	—	—	—	—	4,434	38,599	—	(21,885)	21,148
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 861,172	\$ 5,012,783	\$ —	\$ (84,194)	\$ 5,789,761
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,639,190	\$ —	\$ —	\$ (38,203)	\$ 2,600,987
Less: Earned Revenues	—	—	—	—	—	—	1,224,007	—	—	(740,082)	483,925
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,415,183	\$ —	\$ —	\$ 701,879	\$ 2,117,062
Net Cost of Operations	\$ 1,597,812	\$ 1,672,172	\$ 9,566,895	\$ 2,693,786	\$ 11,409,279	\$ 30,656	\$ 14,199,227	\$ 5,012,783	\$ 4,585,530	\$ (16,515)	\$ 50,751,625

U.S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2022

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated (Note 18)
Major Program 1: Law Enforcement											
Gross Cost	\$ 1,399,275	\$ 1,579,803	\$ —	\$ 3,066,877	\$ 12,018,304	\$ —	\$ 550,991	\$ —	\$ 2,194,114	\$ (771,623)	\$ 20,037,741
Less: Earned Revenues	15,732	50,142	—	515,899	1,034,941	—	884	—	56,694	(771,623)	902,669
Net Cost of Operations	\$ 1,383,543	\$ 1,529,661	\$ —	\$ 2,550,978	\$ 10,983,363	\$ —	\$ 550,107	\$ —	\$ 2,137,420	\$ —	\$ 19,135,072
Major Program 2: Litigation and Compensation											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,573,989	\$ —	\$ —	\$ (40,740)	\$ 6,533,249
Less: Earned Revenues	—	—	—	—	—	—	413,302	—	—	(40,740)	372,562
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,160,687	\$ —	\$ —	\$ —	\$ 6,160,687
Major Program 3: Prisons and Detention											
Gross Cost	\$ —	\$ —	\$ 8,643,621	\$ —	\$ —	\$ 685,770	\$ 11,426	\$ —	\$ 2,218,984	\$ (338,194)	\$ 11,221,607
Less: Earned Revenues	—	—	338,889	—	—	656,613	—	—	380	(322,396)	673,486
Net Cost of Operations	\$ —	\$ —	\$ 8,304,732	\$ —	\$ —	\$ 29,157	\$ 11,426	\$ —	\$ 2,218,604	\$ (15,798)	\$ 10,548,121
Major Program 4: Grants											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 686,812	\$ 4,745,812	\$ —	\$ (13,794)	\$ 5,418,830
Less: Earned Revenues	—	—	—	—	—	—	5,429	22,463	—	(13,794)	14,098
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 681,383	\$ 4,723,349	\$ —	\$ —	\$ 5,404,732
Major Program 5: Executive Oversight and Enterprise Technology											
Gross Cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,196,226	\$ —	\$ —	\$ (27,887)	\$ 2,168,339
Less: Earned Revenues	—	—	—	—	—	—	1,002,188	—	—	(27,887)	974,301
Net Cost of Operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,194,038	\$ —	\$ —	\$ —	\$ 1,194,038
Net Cost of Operations	\$ 1,383,543	\$ 1,529,661	\$ 8,304,732	\$ 2,550,978	\$ 10,983,363	\$ 29,157	\$ 8,597,641	\$ 4,723,349	\$ 4,356,024	\$ (15,798)	\$ 42,442,650

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2023

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated											
Unexpended Appropriations																						
Beginning Balances																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	(1,444)	\$	—	\$	(1,444)										
Funds from other than Dedicated Collections	\$	—	\$	313,325	\$	2,373,249	\$	575,032	\$	4,840,987	\$	—	\$	19,924,921								
Appropriations Received																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	—	\$	5,707,596	\$	—	\$	—	\$	5,707,596						
Funds from other than Dedicated Collections	\$	—	\$	1,747,000	\$	8,682,588	\$	2,563,116	\$	11,343,195	\$	—	\$	9,537,566	\$	3,450,605	\$	3,852,789	\$	—	\$	41,176,859
Appropriations Transferred-In/Out																						
Funds from other than Dedicated Collections	\$	—	\$	(156)	\$	(185,212)	\$	16,078	\$	(48,382)	\$	—	\$	(104,636)	\$	58,225	\$	697,776	\$	—	\$	433,693
Other Adjustments																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	—	\$	(406)	\$	—	\$	—	\$	—	\$	—	\$	—	\$	(406)
Funds from other than Dedicated Collections	\$	—	\$	—	\$	(109)	\$	(5,172)	\$	(748)	\$	—	\$	(326,897)	\$	(81,307)	\$	(106)	\$	—	\$	(414,339)
Appropriations Used																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	(2,668,692)	\$	—	\$	—	\$	—	\$	(2,668,692)
Funds from other than Dedicated Collections	\$	—	\$	(1,587,750)	\$	(8,417,010)	\$	(2,495,263)	\$	(10,808,739)	\$	—	\$	(8,416,329)	\$	(2,833,351)	\$	(4,518,233)	\$	—	\$	(39,076,675)
Net Change in Unexpended Appropriations																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	3,038,498	\$	—	\$	—	\$	—	\$	3,038,498
Funds from other than Dedicated Collections	\$	—	\$	159,094	\$	80,257	\$	78,759	\$	485,326	\$	—	\$	689,704	\$	594,172	\$	32,226	\$	—	\$	2,119,538
Total Unexpended Appropriations: Ending																						
Funds from Dedicated Collections	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	3,037,054	\$	—	\$	—	\$	—	\$	3,037,054
Funds from other than Dedicated Collections	\$	—	\$	472,419	\$	2,453,506	\$	653,791	\$	5,326,313	\$	—	\$	4,982,726	\$	7,528,290	\$	627,414	\$	—	\$	22,044,459
Total All Funds	\$	—	\$	472,419	\$	2,453,506	\$	653,791	\$	5,326,313	\$	—	\$	8,019,780	\$	7,528,290	\$	627,414	\$	—	\$	25,081,513

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2023 (continued)

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 1,570,492	\$ —	\$ 170,082	\$ (615,501)	\$ —	\$ —	\$ 543,495	\$ 6,770,325	\$ —	\$ —	\$ 8,438,893
Funds from other than Dedicated Collections	\$ —	\$ 95,861	\$ 2,254,057	\$ 118,028	\$ 3,092,298	\$ 369,971	\$ (3,159,226)	\$ 50,653	\$ 354,985	\$ —	\$ 3,176,627
Other Adjustments											
Funds from Dedicated Collections	\$ (500,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (500,000)
Funds from other than Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (100,000)	\$ —	\$ (86)	\$ —	\$ (100,086)
Appropriations Used											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,668,692	\$ —	\$ —	\$ —	\$ 2,668,692
Funds from other than Dedicated Collections	\$ —	\$ 1,587,750	\$ 8,417,010	\$ 2,495,263	\$ 10,808,739	\$ —	\$ 8,416,329	\$ 2,833,351	\$ 4,518,233	\$ —	\$ 39,076,675
Nonexchange Revenues											
Funds from Dedicated Collections	\$ 276,467	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 93,480	\$ 1,612,771	\$ —	\$ —	\$ 1,982,718
Funds from other than Dedicated Collections	\$ —	\$ —	\$ 104	\$ —	\$ —	\$ —	\$ 35	\$ 421	\$ —	\$ —	\$ 560
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	\$ 2,960,474	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 46,683	\$ —	\$ —	\$ —	\$ 3,007,157
Funds from other than Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 681	\$ —	\$ —	\$ —	\$ 681
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	\$ (9,696)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (14,355)	\$ —	\$ —	\$ (24,051)
Funds from other than Dedicated Collections	\$ —	\$ 1,056	\$ (108)	\$ 14,255	\$ 206,598	\$ —	\$ 462,733	\$ —	\$ 8,117	\$ —	\$ 692,651
Donations and Forfeitures of Property											
Funds from Dedicated Collections	\$ 224,397	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 224,397
Imputed Financing (Note 19)											
Funds from Dedicated Collections	\$ 4,652	\$ —	\$ 10,123	\$ 27,398	\$ —	\$ —	\$ 21,451	\$ —	\$ —	\$ —	\$ 63,624
Funds from other than Dedicated Collections	\$ —	\$ 84,282	\$ 509,627	\$ 120,625	\$ 554,386	\$ 28,938	\$ 263,245	\$ 8,672	\$ 95,329	\$ (16,515)	\$ 1,648,589
Other											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ 1
Funds from other than Dedicated Collections	\$ —	\$ —	\$ (8)	\$ —	\$ (13,447)	\$ —	\$ (39)	\$ —	\$ —	\$ —	\$ (13,494)
Net Cost of Operations											
Funds from Dedicated Collections	\$ (1,597,812)	\$ —	\$ 26,876	\$ (1,534)	\$ —	\$ —	\$ (5,905,972)	\$ (2,177,989)	\$ —	\$ —	\$ (9,656,431)
Funds from other than Dedicated Collections	\$ —	\$ (1,672,172)	\$ (9,593,771)	\$ (2,692,252)	\$ (11,409,279)	\$ (30,656)	\$ (8,293,255)	\$ (2,834,794)	\$ (4,585,530)	\$ 16,515	\$ (41,095,194)
Net Change in Cumulative Results of Operations											
Funds from Dedicated Collections	\$ 1,358,482	\$ —	\$ 36,999	\$ 25,864	\$ —	\$ —	\$ (3,075,665)	\$ (579,573)	\$ —	\$ —	\$ (2,233,893)
Funds from other than Dedicated Collections	\$ —	\$ 916	\$ (667,146)	\$ (62,109)	\$ 146,997	\$ (1,718)	\$ 749,729	\$ 7,650	\$ 36,063	\$ —	\$ 210,382
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	\$ 2,928,974	\$ —	\$ 207,081	\$ (589,637)	\$ —	\$ —	\$ (2,532,170)	\$ 6,190,752	\$ —	\$ —	\$ 6,205,000
Funds from other than Dedicated Collections	\$ —	\$ 96,777	\$ 1,586,911	\$ 55,919	\$ 3,239,295	\$ 368,253	\$ (2,409,497)	\$ 58,303	\$ 391,048	\$ —	\$ 3,387,009
Total All Funds	\$ 2,928,974	\$ 96,777	\$ 1,793,992	\$ (533,718)	\$ 3,239,295	\$ 368,253	\$ (4,941,667)	\$ 6,249,055	\$ 391,048	\$ —	\$ 9,592,009
Net Position											
Funds from Dedicated Collections	\$ 2,928,974	\$ —	\$ 207,081	\$ (589,637)	\$ —	\$ —	\$ 504,884	\$ 6,190,752	\$ —	\$ —	\$ 9,242,054
Funds from other than Dedicated Collections	\$ —	\$ 569,196	\$ 4,040,417	\$ 709,710	\$ 8,565,608	\$ 368,253	\$ 2,573,229	\$ 7,586,593	\$ 1,018,462	\$ —	\$ 25,431,468
Net Position - Total	\$ 2,928,974	\$ 569,196	\$ 4,247,498	\$ 120,073	\$ 8,565,608	\$ 368,253	\$ 3,078,113	\$ 13,777,345	\$ 1,018,462	\$ —	\$ 34,673,522

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2022

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,877	\$ —	\$ —	\$ —	\$ 2,877
Funds from other than Dedicated Collections	\$ —	\$ 266,498	\$ 2,235,383	\$ 611,325	\$ 4,235,884	\$ —	\$ 3,892,948	\$ 6,085,939	\$ 561,736	\$ —	\$ 17,889,713
Appropriations Received											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,356	\$ —	\$ —	\$ —	\$ 1,356
Funds from other than Dedicated Collections	\$ —	\$ 1,531,071	\$ 8,100,000	\$ 2,421,522	\$ 10,961,895	\$ —	\$ 8,186,720	\$ 3,142,000	\$ 3,728,315	\$ —	\$ 38,071,523
Appropriations Transferred-In/Out											
Funds from other than Dedicated Collections	\$ —	\$ (353)	\$ (146,621)	\$ 15,318	\$ 2,630	\$ —	\$ 512,141	\$ 34,800	\$ 674,198	\$ —	\$ 1,092,113
Other Adjustments											
Funds from other than Dedicated Collections	\$ —	\$ —	\$ (94)	\$ (82)	\$ (273)	\$ —	\$ (664,978)	\$ (106,086)	\$ (12)	\$ —	\$ (771,525)
Appropriations Used											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (5,677)	\$ —	\$ —	\$ —	\$ (5,677)
Funds from other than Dedicated Collections	\$ —	\$ (1,483,891)	\$ (7,815,419)	\$ (2,473,051)	\$ (10,359,149)	\$ —	\$ (7,633,809)	\$ (2,222,535)	\$ (4,369,049)	\$ —	\$ (36,356,903)
Net Change in Unexpended Appropriations											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (4,321)	\$ —	\$ —	\$ —	\$ (4,321)
Funds from other than Dedicated Collections	\$ —	\$ 46,827	\$ 137,866	\$ (36,293)	\$ 605,103	\$ —	\$ 400,074	\$ 848,179	\$ 33,452	\$ —	\$ 2,035,208
Total Unexpended Appropriations: Ending											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,444)	\$ —	\$ —	\$ —	\$ (1,444)
Funds from other than Dedicated Collections	\$ —	\$ 313,325	\$ 2,373,249	\$ 575,032	\$ 4,840,987	\$ —	\$ 4,293,022	\$ 6,934,118	\$ 595,188	\$ —	\$ 19,924,921
Total All Funds	\$ —	\$ 313,325	\$ 2,373,249	\$ 575,032	\$ 4,840,987	\$ —	\$ 4,291,578	\$ 6,934,118	\$ 595,188	\$ —	\$ 19,923,477

U.S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2022 (continued)

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 1,290,935	\$ —	\$ 149,948	\$ (593,705)	\$ —	\$ —	\$ 618,449	\$ 9,042,480	\$ —	\$ —	\$ 10,508,107
Funds from other than Dedicated Collections	\$ —	\$ 84,013	\$ 2,430,139	\$ 73,752	\$ 2,974,468	\$ 376,200	\$ (2,546,635)	\$ 35,171	\$ 285,223	\$ —	\$ 3,712,331
Other Adjustments											
Funds from Dedicated Collections	\$ (127,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (127,000)
Funds from other than Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (234,839)	\$ —	\$ —	\$ —	\$ (234,839)
Appropriations Used											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,677	\$ —	\$ —	\$ —	\$ 5,677
Funds from other than Dedicated Collections	\$ —	\$ 1,483,891	\$ 7,815,419	\$ 2,473,051	\$ 10,359,149	\$ —	\$ 7,633,809	\$ 2,222,535	\$ 4,369,049	\$ —	\$ 36,356,903
Nonexchange Revenues											
Funds from Dedicated Collections	\$ 40,254	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,459	\$ 823,705	\$ —	\$ —	\$ 866,418
Funds from other than Dedicated Collections	\$ —	\$ —	\$ 420	\$ —	\$ —	\$ —	\$ 82	\$ 119	\$ —	\$ —	\$ 621
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	\$ 1,328,670	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,229	\$ —	\$ —	\$ —	\$ 1,364,899
Funds from other than Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 275	\$ —	\$ —	\$ —	\$ 275
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	\$ (2,450)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (13,583)	\$ (585,000)	\$ —	\$ —	\$ (601,033)
Funds from other than Dedicated Collections	\$ —	\$ 8,722	\$ —	\$ 12,719	\$ 201,125	\$ —	\$ 296,040	\$ —	\$ 4,187	\$ —	\$ 522,793
Donations and Forfeitures of Property											
Funds from Dedicated Collections	\$ 420,818	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 420,818
Imputed Financing (Note 19)											
Funds from Dedicated Collections	\$ 2,808	\$ —	\$ 6,230	\$ 16,231	\$ —	\$ —	\$ 14,058	\$ —	\$ —	\$ —	\$ 39,327
Funds from other than Dedicated Collections	\$ —	\$ 48,896	\$ 326,765	\$ 71,457	\$ 552,821	\$ 22,928	\$ 169,981	\$ 5,317	\$ 52,550	\$ (15,798)	\$ 1,234,917
Other											
Funds from Dedicated Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (8)	\$ —	\$ —	\$ —	\$ (8)
Funds from other than Dedicated Collections	\$ —	\$ —	\$ (50)	\$ —	\$ (11,902)	\$ —	\$ (84)	\$ —	\$ —	\$ —	\$ (12,036)
Net Cost of Operations											
Funds from Dedicated Collections	\$ (1,383,543)	\$ —	\$ 13,904	\$ (38,027)	\$ —	\$ —	\$ (119,786)	\$ (2,510,860)	\$ —	\$ —	\$ (4,038,312)
Funds from other than Dedicated Collections	\$ —	\$ (1,529,661)	\$ (8,318,636)	\$ (2,512,951)	\$ (10,983,363)	\$ (29,157)	\$ (8,477,855)	\$ (2,212,489)	\$ (4,356,024)	\$ 15,798	\$ (38,404,338)
Net Change in Cumulative Results of Operations											
Funds from Dedicated Collections	\$ 279,557	\$ —	\$ 20,134	\$ (21,796)	\$ —	\$ —	\$ (74,954)	\$ (2,272,155)	\$ —	\$ —	\$ (2,069,214)
Funds from other than Dedicated Collections	\$ —	\$ 11,848	\$ (176,082)	\$ 44,276	\$ 117,830	\$ (6,229)	\$ (612,591)	\$ 15,482	\$ 69,762	\$ —	\$ (535,704)
Cumulative Results of Operations: Ending											
Funds from Dedicated Collections	\$ 1,570,492	\$ —	\$ 170,082	\$ (615,501)	\$ —	\$ —	\$ 543,495	\$ 6,770,325	\$ —	\$ —	\$ 8,438,893
Funds from other than Dedicated Collections	\$ —	\$ 95,861	\$ 2,254,057	\$ 118,028	\$ 3,092,298	\$ 369,971	\$ (3,159,226)	\$ 50,653	\$ 354,985	\$ —	\$ 3,176,627
Total All Funds	\$ 1,570,492	\$ 95,861	\$ 2,424,139	\$ (497,473)	\$ 3,092,298	\$ 369,971	\$ (2,615,731)	\$ 6,820,978	\$ 354,985	\$ —	\$ 11,615,520
Net Position											
Funds from Dedicated Collections	\$ 1,570,492	\$ —	\$ 170,082	\$ (615,501)	\$ —	\$ —	\$ 542,051	\$ 6,770,325	\$ —	\$ —	\$ 8,437,449
Funds from other than Dedicated Collections	\$ —	\$ 409,186	\$ 4,627,306	\$ 693,060	\$ 7,933,285	\$ 369,971	\$ 1,133,796	\$ 6,984,771	\$ 950,173	\$ —	\$ 23,101,548
Net Position - Total	\$ 1,570,492	\$ 409,186	\$ 4,797,388	\$ 77,559	\$ 7,933,285	\$ 369,971	\$ 1,675,847	\$ 13,755,096	\$ 950,173	\$ —	\$ 31,538,997

U.S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2023

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	\$ —	\$ 36	\$ —	\$ 10,770	\$ 1,616	\$ —	\$ 6,722,240	\$ —	\$ —	6,734,662
Fees and Licenses	—	111,371	—	15,000	—	—	—	—	—	126,371
Miscellaneous	—	305	518	—	—	—	—	—	4,370	5,193
Total Cash Collections	\$ —	\$ 111,712	\$ 518	\$ 25,770	\$ 1,616	\$ —	\$ 6,722,240	\$ —	\$ 4,370	\$ 6,866,226
Accrual Adjustments	—	224	—	26	(948)	—	(1,023,276)	—	10	(1,023,964)
Total Custodial Revenue (Note 21)	\$ —	\$ 111,936	\$ 518	\$ 25,796	\$ 668	\$ —	\$ 5,698,964	\$ —	\$ 4,380	\$ 5,842,262
Disposition of Collections										
Transferred to Federal Agencies										
Government Printing Office	—	—	—	—	—	—	(5)	—	—	(5)
The Judiciary	—	—	—	—	—	—	(84,738)	—	—	(84,738)
U.S. Department of Agriculture	—	—	—	—	—	—	(169,756)	—	—	(169,756)
U.S. Department of Commerce	—	—	—	—	—	—	(17,047)	—	—	(17,047)
U.S. Department of the Interior	—	—	—	—	—	—	(550,361)	—	—	(550,361)
U.S. Department of Justice	—	—	—	—	—	—	(273,757)	—	—	(273,757)
U.S. Department of Labor	—	—	—	—	—	—	(10,747)	—	—	(10,747)
U.S. Postal Service	—	—	—	—	—	—	(2,940)	—	—	(2,940)
U.S. Department of State	—	—	—	—	—	—	(367)	—	—	(367)
U.S. Department of the Treasury	—	—	—	—	—	—	(585,251)	—	—	(585,251)
Office of Personnel Management	—	—	—	—	—	—	(2,931)	—	—	(2,931)
Federal Communications Commission	—	—	—	—	—	—	(1,258)	—	—	(1,258)
Social Security Administration	—	—	—	—	—	—	(316)	—	—	(316)
Federal Trade Commission	—	—	—	—	—	—	(318,566)	—	—	(318,566)
International Trade Commission	—	—	—	—	—	—	(5,147)	—	—	(5,147)
U.S. Department of Veterans Affairs	—	—	—	—	—	—	(25,314)	—	—	(25,314)
Equal Employment Opportunity Commission	—	—	—	—	—	—	(1)	—	—	(1)
General Services Administration	—	—	—	—	—	—	(2,628)	—	—	(2,628)
National Science Foundation	—	—	—	—	—	—	(62)	—	—	(62)
Federal Deposit Insurance Corporation	—	—	—	—	—	—	(125)	—	—	(125)
National Endowment For the Humanities	—	—	—	—	—	—	(34)	—	—	(34)
Railroad Retirement Board	—	—	—	—	—	—	(172)	—	—	(172)
Tennessee Valley Authority	—	—	—	—	—	—	(937)	—	—	(937)
Environmental Protection Agency	—	—	—	—	—	—	(182,519)	—	—	(182,519)
U.S. Department of Transportation	—	—	—	—	—	—	(18,457)	—	—	(18,457)
U.S. Department of Homeland Security	—	—	—	—	—	—	(163,867)	—	—	(163,867)
Small Business Administration	—	—	—	—	—	—	(8,770)	—	—	(8,770)
U.S. Department of Health and Human Services	—	—	—	—	—	—	(1,647,589)	—	—	(1,647,589)
United States Intl Development Finance Corporation	—	—	—	—	—	—	(33)	—	—	(33)
National Aeronautics and Space Administration	—	—	—	—	—	—	(5,386)	—	—	(5,386)
Export-Import Bank of the United States	—	—	—	—	—	—	(1,074)	—	—	(1,074)
U.S. Department of Housing and Urban Development	—	—	—	—	—	—	(36,161)	—	—	(36,161)
U.S. Department of Energy	—	—	—	—	—	—	(1,530)	—	—	(1,530)
U.S. Department of Education	—	—	—	—	—	—	(2,857)	—	—	(2,857)
Commodities Futures Trading Commission	—	—	—	—	—	—	(115)	—	—	(115)
Corporation of National & Community Services	—	—	—	—	—	—	(316)	—	—	(316)
Federal Reserve Board	—	—	—	—	—	—	(3)	—	—	(3)
Treasury General Fund	—	(103,640)	—	(25,770)	(1,616)	—	(1,661,194)	—	(4,370)	(1,796,590)
U.S. Department of Defense	—	—	—	—	—	—	(373,067)	—	—	(373,067)
Transferred to the Public	—	—	—	—	—	—	(630,973)	—	—	(630,973)
(Increase)/Decrease in Amounts Yet to be Transferred	—	—	(518)	(26)	948	—	1,278,601	—	(10)	1,278,995
(Increase)/Decrease in Refunds Payable and Other Liabilities	—	(8,296)	—	—	—	—	—	—	—	(8,296)
Retained by the Reporting Entity	—	—	—	—	—	—	(191,194)	—	—	(191,194)
Total Disposition Of Collections	\$ —	\$ (111,936)	\$ (518)	\$ (25,796)	\$ (668)	\$ —	\$ (5,698,964)	\$ —	\$ (4,380)	\$ (5,842,262)
Net Custodial Activity	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

U.S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2022

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	\$ —	\$ 94	\$ —	\$ 19,825	\$ 3,082	\$ —	\$ 4,355,794	\$ —	\$ —	4,378,795
Fees and Licenses	—	106,040	—	15,000	—	—	—	—	—	121,040
Miscellaneous	—	283	414	—	—	—	—	—	4,297	4,994
Total Cash Collections	\$ —	\$ 106,417	\$ 414	\$ 34,825	\$ 3,082	\$ —	\$ 4,355,794	\$ —	\$ 4,297	\$ 4,504,829
Accrual Adjustments	—	(266)	—	(510)	(966)	—	2,083,645	—	—	2,081,903
Total Custodial Revenue (Note 21)	\$ —	\$ 106,151	\$ 414	\$ 34,315	\$ 2,116	\$ —	\$ 6,439,439	\$ —	\$ 4,297	\$ 6,586,732
Disposition of Collections										
Transferred to Federal Agencies										
Government Printing Office	—	—	—	—	—	—	(7)	—	—	(7)
The Judiciary	—	—	—	—	—	—	(109,186)	—	—	(109,186)
U.S. Department of Agriculture	—	—	—	—	—	—	(45,948)	—	—	(45,948)
U.S. Department of Commerce	—	—	—	—	—	—	(10,720)	—	—	(10,720)
U.S. Department of the Interior	—	—	—	—	—	—	(585,035)	—	—	(585,035)
U.S. Department of Justice	—	—	—	—	—	—	(554,680)	—	—	(554,680)
U.S. Department of Labor	—	—	—	—	—	—	(31,242)	—	—	(31,242)
Pension Benefit Guaranty Corporation	—	—	—	—	—	—	(106)	—	—	(106)
U.S. Postal Service	—	—	—	—	—	—	(13,327)	—	—	(13,327)
U.S. Department of State	—	—	—	—	—	—	(2,802)	—	—	(2,802)
U.S. Department of the Treasury	—	—	—	—	—	—	(563,964)	—	—	(563,964)
Office of Personnel Management	—	—	—	—	—	—	(35,568)	—	—	(35,568)
Federal Communications Commission	—	—	—	—	—	—	(420)	—	—	(420)
Social Security Administration	—	—	—	—	—	—	(567)	—	—	(567)
Federal Trade Commission	—	—	—	—	—	—	(162,373)	—	—	(162,373)
Smithsonian Institution	—	—	—	—	—	—	(2)	—	—	(2)
U.S. Department of Veterans Affairs	—	—	—	—	—	—	(25,435)	—	—	(25,435)
General Services Administration	—	—	—	—	—	—	(1,435)	—	—	(1,435)
National Science Foundation	—	—	—	—	—	—	(1,755)	—	—	(1,755)
Federal Deposit Insurance Corporation	—	—	—	—	—	—	(128)	—	—	(128)
National Endowment For the Humanities	—	—	—	—	—	—	(14)	—	—	(14)
Railroad Retirement Board	—	—	—	—	—	—	(452)	—	—	(452)
Environmental Protection Agency	—	—	—	—	—	—	(314,173)	—	—	(314,173)
U.S. Department of Transportation	—	—	—	—	—	—	(4,496)	—	—	(4,496)
U.S. Department of Homeland Security	—	—	—	—	—	—	(244,157)	—	—	(244,157)
Agency for International Development	—	—	—	—	—	—	(312)	—	—	(312)
Small Business Administration	—	—	—	—	—	—	(8,270)	—	—	(8,270)
U.S. Department of Health and Human Services	—	—	—	—	—	—	(1,202,178)	—	—	(1,202,178)
United States Intl Development Finance Corporation	—	—	—	—	—	—	(33)	—	—	(33)
National Aeronautics and Space Administration	—	—	—	—	—	—	(4,070)	—	—	(4,070)
Export-Import Bank of the United States	—	—	—	—	—	—	(1,411)	—	—	(1,411)
U.S. Department of Housing and Urban Development	—	—	—	—	—	—	(26,952)	—	—	(26,952)
U.S. Department of Energy	—	—	—	—	—	—	(7,109)	—	—	(7,109)
U.S. Department of Education	—	—	—	—	—	—	(21,526)	—	—	(21,526)
Commodities Futures Trading Commission	—	—	—	—	—	—	(88)	—	—	(88)
Corporation of National & Community Services	—	—	—	—	—	—	(2,205)	—	—	(2,205)
Federal Reserve Board	—	—	—	—	—	—	(6)	—	—	(6)
Treasury General Fund	—	(99,688)	—	(34,825)	(3,082)	—	(164,782)	—	(4,297)	(306,674)
U.S. Department of Defense	—	—	—	—	—	—	(94,339)	—	—	(94,339)
Transferred to the Public	—	—	—	—	—	—	(277,574)	—	—	(277,574)
(Increase)/Decrease in Amounts Yet to be Transferred	—	—	(414)	510	966	—	(1,809,334)	—	—	(1,808,272)
(Increase)/Decrease in Refunds Payable and Other Liabilities	—	(6,463)	—	—	—	—	—	—	—	(6,463)
Retained by the Reporting Entity	—	—	—	—	—	—	(111,258)	—	—	(111,258)
Total Disposition Of Collections	\$ —	\$ (106,151)	\$ (414)	\$ (34,315)	\$ (2,116)	\$ —	\$ (6,439,439)	\$ —	\$ (4,297)	\$ (6,586,732)
Net Custodial Activity	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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**SECTION III:
OTHER INFORMATION**
(Unaudited)

In This Section:

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Section III

Other Information
(Unaudited)

Summary of Financial Statement Audit and Management Assurances

The table below summarizes the results of the financial statement audit. The table on the following page summarizes the management assurances regarding the effectiveness of internal control over operations and financial reporting (*FMFIA* § 2) and compliance with financial management system requirements (*FMFIA* § 4) and the *FFMIA*.

Table 1. Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Improvements are Needed in Financial Management and Reporting Controls, and Risk Assessment Process	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Improvements are Needed in Financial Management and Reporting Controls, and Risk Assessment Process	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
Compliance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems Comply					
Non-Compliances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Non-Compliances	0	0	0	0	0	0
Compliance with Section 803(a) of Federal Financial Management Improvement Act (FFMIA)						
Compliance with Specific Requirements						
Specific Requirements	Agency			Auditor		
Federal Financial Management System Requirements	No Lack of Compliance Noted			No Lack of Compliance Noted		
Applicable Federal Accounting Standards	No Lack of Compliance Noted			No Lack of Compliance Noted		
USSGL at Transaction Level	No Lack of Compliance Noted			No Lack of Compliance Noted		

The following pages provide a summary of material weaknesses in financial reporting (*FMFIA § 2*), along with details regarding the corrective actions.

Improvements are Needed in Financial Management and Reporting Controls, and Risk Assessment Process

The preparation of the Department's consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department's financial management systems on a timely basis and providing other data to the JMD Finance Staff. As reported in Table 1 above, the Department earned an unmodified, i.e., "clean," audit opinion on its FY 2023 consolidated financial statements. This continued what the Department considers a proud tradition for a twentieth straight year.

The auditors noted in their report on internal control over financial reporting that while during FY 2023 substantial progress was made to remediate the prior year material weakness, the deficiencies related to financial management and reporting controls, and risk assessment process remain. Weaknesses at the Federal Bureau of Prisons (BOP) and the U.S. Department of Justice (Department) continued to exist, and additional deficiencies were identified in the Offices, Boards and Divisions (OBDs) financial management and reporting controls.

The auditors' report identified a material weakness at the consolidated level because of weaknesses found in two DOJ component's financial reporting and risk assessment processes. The material weakness included conditions at the Bureau of Prisons (BOP) relating to the timely recording of accounts payable accruals and related non-personnel expenses, the de-obligation of funds on certain contracts, and adjustments to property. In addition, deficiencies in the OBDs risk assessment and monitoring controls, did not detect errors and misstatements. The auditors' report noted that DOJ component management addressed the financial statement errors in the year-end financial statements. Nonetheless, the Department has additional work to do. To address this material weakness, the Department will strengthen financial statement preparation providing additional guidance and training to Department components and increasing timely internal control reviews and monitoring to prevent, detect, and correct errors in financial reporting.

FMFIA § 2 – FINANCIAL REPORTING MATERIAL WEAKNESS

U.S. DEPARTMENT OF JUSTICE Corrective Action Plan Issue and Milestone Schedule		Report Date September 30, 2023
Issue Title I Improvements are Needed in Financial Management and Reporting Controls, and Risk Assessment Process	Issue ID 01DOJ001	Component Name Department
Issue Category FMFIA § 2 Operations <input type="checkbox"/> Significant Deficiency <input type="checkbox"/> Material Weakness FMFIA § 2 Financial Reporting <input type="checkbox"/> Significant Deficiency <input checked="" type="checkbox"/> Material Weakness FMFIA § 4 <input type="checkbox"/> Financial Management Systems Do Not Comply with Financial System Requirements		
Issue Category – SAT Concurrence or Recategorization Concur		
Issue Description <p>The preparation of the Department’s consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department’s financial management systems on a timely basis and providing other data to the JMD Finance Staff. The Department earned an unmodified, i.e., “clean,” audit opinion on its FY 2023 consolidated financial statements.</p> <p>During FY 2023, the Department and its components continued a financial management strategy to undertake improvements and address changes in the financial reporting environment that included a continuation of the implementation of UFMS throughout the Department. The Department has made substantial progress in centralizing accounting operations and its use of technology platforms to support those initiatives including its core accounting system, Unified Financial Management System (UFMS).</p> <p>The auditors’ report identified a material weakness at the consolidated level because of weaknesses in financial reporting found in two DOJ components. The material weakness included conditions at the Bureau of Prisons (BOP), relating to financial management in undelivered orders, accounts payable, and property, and the Offices, Boards, and Divisions (OBD) Justice management Division (JMD), with risk assessment and financial reporting controls. The auditors’ report noted that DOJ component management addressed the financial statement errors in the year-end financial statements. Nonetheless, the Department has additional work to do. To address this material weakness, the Department will strengthen financial statement preparation providing additional guidance and training to Department components and increasing timely internal control reviews and monitoring to prevent, detect, and correct errors in financial reporting.</p> <p>Please refer to the Description of Remediation and Milestones on the following page.</p>		

Business Process Area (Applicable for FMFIA § 2 Financial Reporting Only)			
Financial Reporting			
Date First Identified This condition was identified in DOJ OIG Audit of FY 2023 Consolidated Financial Statements.	Original Target Completion Date 9/30/2024	Current Target Completion Date	Actual Completion Date
Issue Identified By KPMG and DOJ OIG		Source Document Title DOJ OIG Audit of FY 2023 Consolidated Financial Statements	
Description of Remediation The Department will provide additional guidance and training to Department components; and enhance timely internal control reviews, monitoring and risk assessments to prevent, detect, and correct errors in financial reporting and timely and accurate financial statements without significant unplanned manual adjustments.			
Milestones	Original Target Date	Current Target Date	Actual Completion Date
1. Ensure that the Department develops and performs a comprehensive risk assessment.	February 29, 2024		
2. Ensure Department components maintain and update business process narratives for all significant processes relating to financial statement preparation and reporting.	April 30, 2024		
3. Ensure quarterly Department Financial Statement Working Group and internal control teams identify controls and new accounting standards, if applicable.	Quarterly during FY 2024		
4. Ensure Department components incorporate controls and new accounting standards, if applicable, into the preparation of quarterly financial statements.	Quarterly during FY 2024		
5. Enhance the Department's internal control reviews over quarter-end component financial reporting to identify and resolve significant concerns and variances.	Quarterly during FY 2024		
6. Develop and update a recruitment and training plan for individuals with financial management and accounting skills.	Quarterly during FY 2024		
Reason for Not Meeting Original Target Completion Date Not Applicable			
Status of Funding Available to Achieve Corrective Action Funding Available			
Planned Measures to Prevent Recurrence Ensure internal control review, monitoring and risk assessment activities are designed to detect issues early, so actions can be taken promptly to prevent recurrence of the deficiencies in the FY 2024 consolidated financial statements.			
Validation Indicator Results are measured by the number and dollar amount of errors identified during testing of interim and year-end financial transactions and the review of interim and annual financial statements.			
Organizations Responsible for Corrective Action JMD and BOP			

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

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

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



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

Top Management and Performance Challenges Facing the Department of Justice—2023

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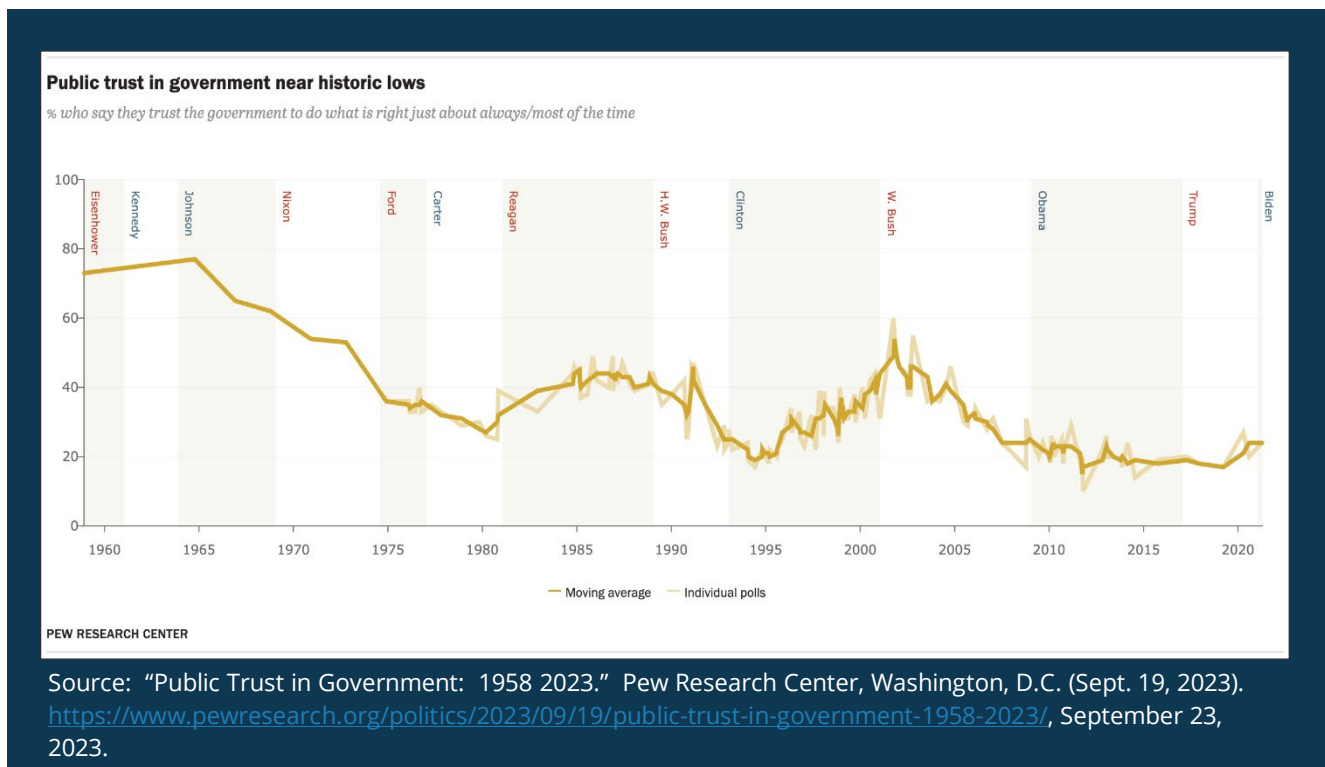
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Strengthening Public Trust in the U.S. Department of Justice

Strengthening the public’s trust in the U.S. Department of Justice (the Department or DOJ) continues to be a critically important challenge for the Department. Events over the last several years have placed the Department’s objectivity and independence at the forefront of public discourse. As then Attorney General Edward H. Levi observed back in 1975, “since laws exist for the common good, they must be enforced with fairness, evenhandedness, and a proper and common concern for each individual.” DOJ’s preeminent challenge is to continue to strengthen public trust in the institution by ensuring that decisions and actions adhere to the Department’s foundational [values](#) of independence, impartiality, and integrity. The Department can demonstrate its continued commitment to these values by ensuring that its actions are free from any actual or perceived political influence, ensuring there are appropriate measures to respond to employee misconduct, and by appropriately using sensitive investigative and law enforcement authorities entrusted to DOJ.

Ensuring that the Department is Free from Political Influence

Public trust in the federal government has approached near record lows.¹ As of June 2023, fewer than 2-in-10 Americans say they trust the government in Washington to do what is right “just about always” (1 percent) or “most of the time” (15 percent). These are among the lowest trust measures in nearly 7 decades of polling. In light of today’s wide-spread lack of trust and negative views of government, a key facet of the Department’s challenge of strengthening public trust is ensuring that DOJ personnel fulfill their duties without any actual or perceived political influence or partisan consideration.



¹ “Public Trust in Government: 1958-2023.” Pew Research Center, Washington, D.C. (Sept. 19, 2023). <https://www.pewresearch.org/politics/2023/09/19/public-trust-in-government-1958-2023/>, September 23, 2023.

As the Office of the Inspector General (OIG) noted in last year's [Top Management and Performance Challenges report](#), allegations of politicization of the Department's actions are not new. One method of avoiding such allegations is strict adherence to Department policies, rules, and regulations. Failure to do so can result in actual or perceived improper influence, particularly by those in senior leadership and law enforcement positions. For example, an [investigative summary](#) the OIG released in February 2022 found that a then U.S. Attorney exercised poor judgment and engaged in conduct unbecoming of a U.S. Attorney, or any DOJ leader, and that reflected poorly on DOJ by making derogatory public remarks about a career prosecutor who added his signature to a letter signed by a number of Assistant U.S. Attorneys that was critical of a memorandum issued by then Attorney General William Barr. The OIG determined that the U.S. Attorney sought to undermine the career prosecutor's professional reputation by inappropriately suggesting that partisan political considerations motivated the prosecutor to sign the letter and implying that the prosecutors had acted unethically by signing the letter. This action was contrary to advice from a Department official and served to harm the public's perception of the Department. More recently, a May 2023 OIG [report](#) found that a then U.S. Attorney repeatedly failed to adhere to Department policies and ethics advice. The OIG concluded that the then U.S. Attorney engaged in misconduct when, among other things, she used her position as U.S. Attorney to attempt to influence the outcome of a local partisan election in Massachusetts and attended a partisan political fundraiser. The OIG concluded that the then U.S. Attorney violated government ethics regulations, Department policy, and applicable law, and failed to exercise sound judgment.² These examples illustrate the importance of the Department ensuring that personnel at all levels, and particularly its senior leaders, abide by governing policies, rules, and regulations that are designed to safeguard against any actual or perceived improper influence.

Protecting Against Employee Misconduct and Strengthening Oversight

The Department also faces the challenge of diminished public trust in the institution when DOJ employees fail to adhere to the basic expectations of public service. The vast majority of DOJ employees recognize that being in a position of public trust requires a commitment to uphold laws and ethical principles, as well as good judgment, honesty, and faithful fulfillment of duties. Unfortunately, prominent examples of DOJ employees who did not exemplify these core principles of public service have recently come to light. For example, in the [investigation and review](#) of the Federal Bureau of Prisons' (BOP) custody, care, and supervision of Jeffrey Epstein at the Metropolitan Correctional Center in New York, New York (MCC New York), the OIG identified numerous failures by the MCC New York staff, including the failure to perform duties, falsification of records, and multiple violations of MCC New York and BOP policies and procedure. The OIG also found significant failures in BOP personnel's job performance in the 2022 OIG [report](#) concerning the circumstances leading to the death of James "Whitey" Bulger in BOP custody. The Department's failure to adequately ensure the safety and wellbeing of two of the arguably most notorious BOP prisoners substantially weakens public trust in the federal prison system and the Department as a whole.

The BOP is not the only component facing challenges surrounding failure to adhere to the principles of public service. In August 2023, following his retirement from the Federal Bureau of Investigation (FBI), Charles McGonigal, the former chief of counterintelligence in the FBI's New York office, [pleaded guilty](#) to conspiring to violate U.S. sanctions by working on behalf of a Russian oligarch with whom U.S. entities were

² The Office of Special Counsel issued its report finding that the same conduct violated the Hatch Act, a statute outlining prohibited political activity for federal employees. The then U.S. Attorney resigned shortly after the OIG's and the Office of Special Counsel's reports were released.

prohibited from doing business. In September 2023, McGonigal [pleaded guilty](#) to an additional federal charge in the District of Columbia arising from allegations that he accepted \$225,000 from a foreign national while still employed by the FBI and that he failed to complete the required financial disclosure form.

Incidents such as these can contribute to a lack of trust and confidence generally and undermine the perception of the Department as an institution of integrity. It is therefore critical that those who engage in such misconduct are held accountable for their wrongdoing. Unfortunately, in an [OIG review](#) released in 2021 we found that, in addition to policy, training, and recordkeeping gaps, the FBI does not regularly document substantiation decisions when employees resign or retire during the misconduct adjudication process. This practice fails to hold accountable former FBI employees who separate while under investigation and enables FBI employees to avoid a substantiation decision if they resign or retire before the FBI issues a decision in the pending misconduct matter. The FBI concurred with all of [OIG's](#) recommendations and is working to implement all the recommended corrective actions.

Another way to provide assurance to the public that former DOJ officials will be held accountable for any misconduct they commit while employed at DOJ is for Congress to confer upon the [OIG](#) the authority to subpoena witnesses for testimony in [OIG](#) investigations, audits, and reviews. While the [OIG](#) has authority to compel DOJ employees to provide testimony during [OIG](#) administrative misconduct investigations, the [OIG](#) does not have the ability to compel the testimony of former DOJ employees. Additionally, the [OIG](#) does not have the authority to compel the testimony of current or former employees of DOJ-employed contractors or DOJ grant recipients. As a result, the [OIG](#) is unable to interview former DOJ employees, or current or former employees of DOJ-employed contractors or DOJ grant recipients, about alleged misconduct by them in connection with their work for the Department or use of DOJ funds. The [OIG](#) has had numerous instances where DOJ employees or DOJ-employed contractors retire or resign simply to avoid having to answer for their alleged misconduct, which often impedes the [OIG's](#) ability to fully learn the facts in investigations, audits, and reviews in which former employees or contractors decline to be interviewed. Without this information from the [OIG](#), DOJ components may lack the information necessary to hold wrongdoers accountable. In 2022, the Strengthening Oversight for Veterans Act of 2021 was signed into law, which [authorized](#) the Department of Veterans Affairs [OIG](#) to issue subpoenas for testimony, including from former employees. Extending this same authority to the DOJ [OIG](#) would increase public trust by enabling the [OIG](#) to fully investigate alleged wrongdoing, to hold wrongdoers accountable, and to provide a more fulsome account to DOJ leadership, Congress, and the public.

Another important aspect of strengthening public trust in DOJ is ensuring that allegations of attorney professional misconduct are handled no differently than allegations against other DOJ employees. At present, allegations of professional misconduct by DOJ attorneys are handled by the DOJ's Office of Professional Responsibility, not the [OIG](#). Unlike the [OIG](#), the Office of Professional Responsibility lacks statutory independence from the Attorney General and the Deputy Attorney General. As Inspector General Michael Horowitz explained in his [congressional testimony](#), there is no principled basis for authorizing [OIG](#) oversight of DOJ law enforcement personnel, including the FBI, while excluding DOJ lawyers from the same statutorily independent oversight. The [OIG](#) has the means and expertise to handle misconduct allegations against DOJ lawyers. Providing statutorily independent oversight of DOJ attorneys would strengthen public confidence in the review of these misconduct allegations.

Ensuring Responsible Use of Investigative Authorities

Another continuing challenge for DOJ is to conduct national security and criminal investigations and prosecutions in a responsible manner that protects civil liberties. As then Attorney General Robert H. Jackson observed, “The prosecutor has more control over life, liberty, and reputation than any other person in America.” It is therefore imperative that the Department exercise its investigative authorities in a manner that balances its investigative and prosecutorial interests against fundamental rights and freedoms. The need for this balancing is particularly acute with respect to activities protected by the First



Amendment—including the right to assemble and petition the government for redress, as well as the freedom of the press. To help the Department meet this challenge, the OIG continues to work on ongoing reviews and investigations that examine the response of DOJ and its law enforcement components to public protests, including an [investigation](#) into use of force allegations involving DOJ law enforcement personnel in Portland, Oregon, in 2020; a review examining DOJ and its law enforcement components’ roles and responsibilities in responding to protest activity and civil unrest in Washington, D.C., in 2020; and a [review](#) of DOJ’s role and activities in preparing for and responding to the events at the U.S. Capitol on January 6, 2021.

A free and open press is protected by the First Amendment and central to the functioning of our democracy. Similarly, as Congress is a separate branch of government, the Constitution’s Speech or Debate Clause was, according to the U.S. Supreme Court, “designed to assure a co-equal branch of the government-wide freedom of speech, debate, and deliberation without intimidation or threats from the Executive Branch. It thus protects Members of Congress against prosecutions that directly impinge upon or threaten the legislative process.” The Department, on occasion, faces the challenge of conducting criminal investigations while protecting a free and independent press, as well as the activities of members of Congress. In 2021, Attorney General Merrick Garland issued a [memorandum](#) that prohibits DOJ attorneys from using “compulsory legal process for the purpose of obtaining information from or records of members of the news media acting within the scope of newsgathering activities,” with limited exceptions. Pursuant to this memorandum, DOJ developed [regulations](#), which were implemented in 2022. To increase accountability and transparency, the OIG is conducting a [review](#) to address concerns about the circumstances in which these authorities were used before the Department’s new policy and regulations were in place. This review will examine DOJ’s use of subpoenas and other legal authorities to obtain communication records of the news media and members of Congress and affiliated persons in connection with recent investigations of alleged unauthorized disclosures of information to the media by government officials.

Another critical area for strengthening public trust is the Department's use of its investigatory powers under the Foreign Intelligence Surveillance Act (FISA). [Enacted](#) in 2008, Section 702 of FISA authorizes the U.S. government to conduct surveillance of foreign persons reasonably believed to be located abroad to acquire foreign intelligence information. Section 702 specifically prohibits the targeting of U.S. persons, any person located in the United States, and any foreign person located abroad for the purpose of targeting a U.S. person or person inside the United States with whom the foreign person is communicating. However, even when deployed properly, surveillance under Section 702 can result in the incidental collection of communications involving or concerning U.S. persons, which raises significant civil liberties concerns. To address these concerns, Section 702 requires specific procedures to minimize the acquisition, retention, and sharing of any information concerning U.S. persons. As discussed in the Promoting and Safeguarding National Security challenge, the current debate regarding the potential renewal of Section 702, which expires at the end of the year, reflects the tension between the competing concerns and underscores the need for responsible use of this investigative authority.

As detailed in a 2022 Foreign Intelligence Surveillance Court [decision](#), the FBI was found to have frequently violated query standards designed to ensure responsible use of the Section 702 investigative authority. As a result, the FBI implemented measures to [strengthen compliance](#) with safeguards designed to minimize data collections involving U.S. persons. A July 2023 [decision](#) by the Foreign Intelligence Surveillance Court found that while some errors remained, the FBI's compliance with the applicable safeguards had improved. As with other facets of this challenge, continued adherence to applicable policies, rules, and regulations will help the Department continue to strengthen the public's trust in its ability to wield powerful investigative tools responsibly.

The need to use sensitive investigative authorities in an appropriate manner was also brought to light through OIG oversight, which has found significant issues with the FBI's use of certain FISA authorities. In a 2019 [review](#) that examined four FISA applications (which did not involve Section 702 authorities), the OIG found that FBI personnel fell short of the FBI procedures that require agents to document support for all factual assertions contained in FISA applications to ensure the applications are "scrupulously accurate," known as the "Woods Procedures." A 2021 OIG [report](#) reviewing the FBI's execution and compliance with the Woods Procedures found numerous instances of FBI personnel failing to ensure FISA applications were "scrupulously accurate." A 2022 audit [report](#) identified several instances of ineffective coordination between the FBI's Office of General Counsel and DOJ's National Security Division and uncertainty in the delineation of their roles that negatively impact important workflows between them. As Inspector General Horowitz noted in his April 2023 [testimony](#) before the U.S. House Appropriations Subcommittee on Crime and Federal Government Surveillance, the "overarching conclusion from this series of reports is that transparency, and effective internal and external independent oversight, are necessary to ensure that the tremendous authority held by the Department's investigators and prosecutors to surveil Americans is used in accordance with applicable laws, court orders, and the Constitution."

Priority Recommendation: FBI Policy for Supervisory Review of Woods Files

The widespread non compliance with the Woods Procedures that we identified in our [2021 audit](#) raised serious questions about the adequacy and execution of the FBI's supervisory review process in place at the time of the applications we reviewed. Accordingly, we recommended the FBI develop and implement policy that describes the expectations for supervisory review of Woods Files, and, as part of this policy modification, consider options for incorporating an element of independent verification of the Woods File during the FISA application process. The FBI agreed with the recommendation and is taking steps towards implementation.

The Department's [mission](#)—"to uphold the rule of law, to keep our country safe, and to protect civil rights"—undergirds many of the fundamental aspects of our country's system of government and social contract. As Attorney General Levi aptly observed, "A large part of that mission involves the reinforcement of public confidence in the administration of justice." To effectively fulfill its important mission, it is imperative that the Department continues to strengthen public trust in the institution and its ability to fairly and impartially administer justice.

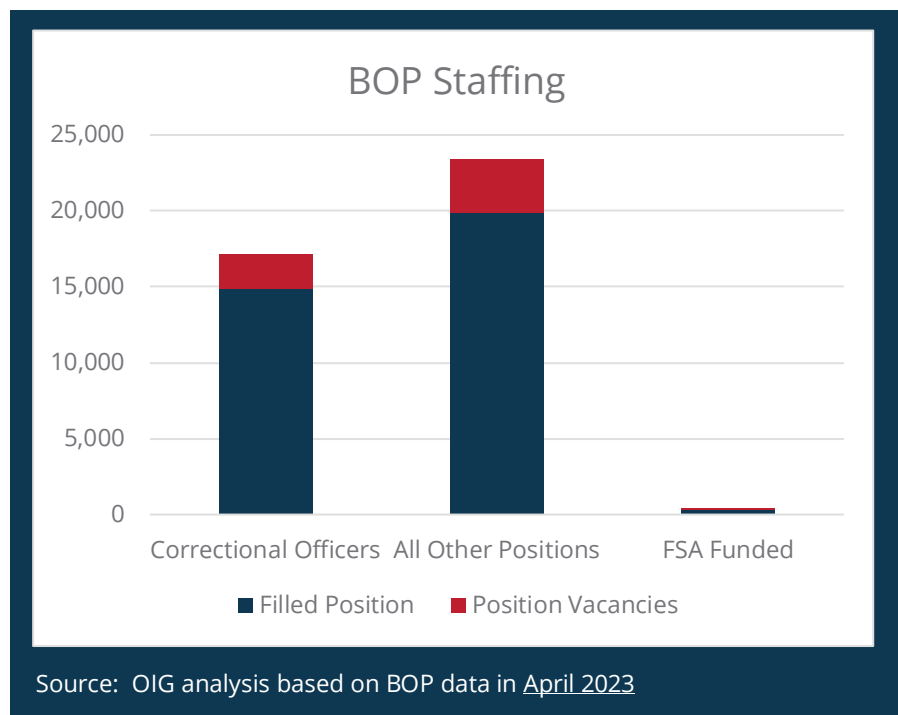
Strategic Management and Operational Challenges in the Federal Corrections System

The Federal Bureau of Prisons’ (BOP) recent [update](#) to its mission, vision, and core values statements signals its renewed commitment to institutional change. In her September 2022 [testimony](#) before the Senate Judiciary Committee, newly appointed BOP Director Colette Peters announced the BOP’s strategy to strengthen oversight and efficiency of its management and operations that includes plans to increase institution staffing, eradicate misconduct, improve infrastructure, upgrade camera systems, and change the BOP culture. These efforts are critical and urgently needed, but the BOP Director faces numerous obstacles to implement these proposed changes. Among the significant recurring issues the Office of the Inspector General (OIG) has identified in our oversight of the BOP are staffing and internal audits; deaths in custody; professionalism and accountability of staff; institutional safety and security, including deteriorating facilities; cost and quality of inmate healthcare, including mental health; and policy development. Adequately addressing these issues is integral to the BOP’s and the Department of Justice’s (the Department or DOJ) success in ensuring a safe, humane, and compassionate federal prison system.

In fiscal year (FY) 2023, the OIG launched a new inspections program and conducted separate unannounced inspections of [Federal Correctional Institution \(FCI\) Waseca](#) and [FCI Tallahassee](#). The OIG identified serious facility, staffing, security, and food services issues from these inspections, and the OIG plans to continue the inspections program to assess institutional compliance with correctional policies and standards. Also in FY 2023, the OIG received additional funding from Congress to create an interdisciplinary group to address the need for additional BOP oversight. As a result, the OIG formed the BOP Interdisciplinary Team to leverage the OIG’s diverse talent and collective knowledge across OIG divisions and offices to enhance and expand oversight of the BOP. The BOP Interdisciplinary Team has one overarching goal—to enhance the OIG’s oversight of the BOP by increasing intra-agency collaboration and strategic work planning.

Staffing and Internal Audits

The BOP continues to face challenges in key areas, such as staffing and internal audits. Those challenges continue, and recently the U.S. Government Accountability Office (GAO), citing longstanding issues with (1) managing staff and resources and planning and (2) evaluating programs that help incarcerated people successfully return to the community, added “Strengthening Management of the Federal Prison System” to its [High-Risk List](#) to help guide DOJ’s focus.



Staffing Shortages

The OIG has highlighted the BOP's difficulties in hiring its full complement of Correctional Officers (CO) and other critical staff in previous Top Management and Performance Challenges reports in [2022](#), [2021](#), and [2020](#), and understaffing continues to affect BOP operations. Among the reasons this area remains a challenge is that the BOP has historically struggled to understand its actual staffing needs. The OIG's May 2023 operational issues [review](#) found that BOP Executive Staff had not adequately assessed its actual staffing needs and recommended the agency develop a reliable method of determining its needs, both at the enterprise and institution levels. In the May 2023 unannounced [inspection](#) of FCI Waseca, the OIG found that shortages of COs resulted in the regular implementation of overtime and "augmentation," the practice of assigning non-COs to CO posts to fill staffing gaps. The OIG found that these practices reduced morale and staff attentiveness thus decreasing the overall safety of the institution.

In June 2021, the BOP hired a contractor to devise a tool to assess staffing needs and challenges that the BOP faces. The BOP also created a [new recruitment office](#) with targeted campaigns and recruitment incentives. Although the BOP was able to achieve a net gain of employees in February 2023, it still faces a significant deficit of staff. In [September 2023](#), the BOP employed 12,484 COs across its 122 institutions and had 2,393 vacancies for the same position, a 16 percent vacancy rate.

Another facet of BOP staffing shortages is the shortage of health services personnel. This is yet another long-standing challenge for the BOP, which has consistently struggled to fill such positions at its institutions. In a September 2023 [review](#) of personnel shortages in federal health care programs during the COVID-19 pandemic, the Pandemic Response Accountability Committee found that from mid-2019 through mid-2021, the BOP made progress toward addressing its shortages of health services personnel.³ However, the overall fill rate for institution health services positions never exceeded 85 percent, and the fill rate declined from August 2021 through at least July 2022, which appears to be driven both by a decrease in hiring and an increase in resignations.

The Pandemic Response Accountability Committee report findings are consistent with a [2021](#) OIG survey of BOP staff perceptions of the BOP's pandemic response, which indicated that nearly one-third of BOP staff were considering leaving their jobs. Additionally, the 2022 Federal Employee Viewpoint Survey [results](#) indicated that BOP staff were dissatisfied with their job and organization and the BOP ranked last out of 432 federal subcomponents in the area of employee engagement and satisfaction. These results suggest that the BOP should consider employee engagement and retention as a core component of its strategy to address the issue of staffing shortages.

Internal Auditing

The BOP's current internal audit process, known as "program review," was created over 30 years ago. In a May 2023 OIG [review](#), former BOP Director Michael Carvajal acknowledged that the BOP's program review process failed to reveal "major deficiencies," and that the process was unable to effectuate corrective action. The same May 2023 review found that weaknesses in the BOP's internal audit function contributed to its inability to accurately assess and improve the operations of its institutions and their programs. The OIG also noted BOP employees' fear of retaliation and their perception that the BOP's internal audit component

³ The OIG participated in a multiagency review of health care staffing shortages resulting in a report issued by the Pandemic Response Accountability Committee.

lacked independence as contributing factors to the deficiencies in the current program. The review made several recommendations to address weaknesses in the BOP's internal audit program.

Deaths in Custody

Compliance with Policy and Procedures

The BOP recognizes the critical importance of adhering to [policies, procedures, and guidelines](#) to maintain a secure, safe, and orderly correctional environment. Yet, in the May 2023 operational issues [review](#) referenced above, the OIG cited a BOP report that reconstructed the circumstances surrounding an inmate's suicide at U.S. Penitentiary (USP) Atlanta in June 2021. The BOP had noted that between October 2019 and June 2021, five inmates died by suicide at USP Atlanta. Many of the previous psychological reconstructions had similar findings relating to staff complacency, indifference, and inattentiveness, including the "need for attention to detail, adherence to BOP policy, and regard for human life." The OIG's June 2023 [report](#) concerning the BOP's custody, care, and supervision of Jeffrey Epstein also found widespread non-compliance with BOP policies and procedures, including the failure to conduct required inmate counts, staff rounds, and cell searches. This report made eight recommendations to the BOP, including that the BOP evaluate its methods of accounting for inmate whereabouts and wellbeing. To assist the BOP with confronting this challenge, the OIG is also completing an [evaluation](#) of inmate deaths at BOP institutions from FYs 2014 through 2021 to assess the circumstances surrounding the deaths and evaluate how the BOP seeks to prevent future inmate deaths. The OIG is also investigating the circumstances surrounding the release from prison and subsequent death of [Frederick Marvin Bardell](#), who was released from FCI Seagoville, a BOP facility in Texas, and died 9 days later in February 2021. This oversight will help the BOP address the challenge of adhering to policies and procedures designed to prevent inmate deaths in custody.

Single-Celling

The failure to follow sound correctional practices, along with housing inmates in a cell without a cellmate, known as "single-celling," has jeopardized institutional security and posed increased risk of inmate death in BOP custody. As detailed in the OIG report on [Epstein](#), the placement of Epstein in single-cell confinement was contrary to express direction from BOP psychological staff and his single-cell confinement status at his time of death provided him the opportunity to die by suicide. In another OIG report on a high-profile death, the OIG found that [James "Whitey" Bulger's](#) prolonged single-celling in a Special Housing Unit prior to his transfer caused him to state that he had lost the will to live and may have affected his persistence to be assigned in general population upon his arrival to USP Hazelton.



Jeffrey Epstein's jail cell after his death

Source: Office of the Chief Medical Examiner, City of New York

Regrettably, single-celling deaths are not uncommon at BOP institutions. The OIG’s March 2023 [capstone report](#) found that during the COVID-19 pandemic numerous facilities single-celled inmates during COVID-19 modified operations despite BOP guidance stating that facilities should avoid doing so to the greatest extent possible. The BOP reported to the OIG that seven inmates died by suicide from March 2020 through April 2021 while housed in single-cell confinement in quarantine units related to COVID-19. In a 2017 [report](#) on restrictive housing for inmates with mental illness, the OIG determined that the BOP was not limiting the length of time for inmates to spend in single-cell confinement, and that the BOP needed to track and monitor the cumulative time that all inmates spend in restrictive housing, including single-cell confinement. As of August 31, 2023, two recommendations related to single-celling from the capstone report and two recommendations related to single-celling from the restricted housing report, which included a thorough assessment of single-celling policies and increased tracking of inmates placed in single-celled confinement, remained open. The BOP’s current Special Housing Unit policy, published in 2016, does not address single-celling practices.

Institutional Safety and Security

Incomplete and insufficient documentation, inconsistent application of established policies, and staffing shortages in key positions remain hurdles for the BOP in its pursuit of ensuring institutional safety. Deputy Attorney General Lisa Monaco identified these obstacles in her [remarks](#) at a BOP Warden training in April 2023. She acknowledged the “difficult job of maintaining safe custodial settings under demanding circumstances,” while adding “training backlogs” and “infrastructure challenges” to the list of hurdles faced by numerous BOP institutions. When unaddressed, these obstacles compromise institutional safety and lead to significant consequences, such as the failure to prevent sexual abuse and misconduct.

Addressing Sexual Misconduct

The Department has taken steps recently to address sexual misconduct in BOP facilities. The seriousness and significance of this challenge is reflected in the widespread sexual abuse identified by the OIG in its ongoing investigation at the BOP’s facility in Dublin, California, where eight employees have been criminally charged to date with sexually abusing inmates. Most prominently, in March 2023, the former Warden at FCI Dublin was [sentenced](#) to 70 months in prison after he was convicted of sexually abusive conduct against three female inmates. In response to this sentencing, Deputy Attorney General Monaco [said](#) that “this prosecution should serve as both warning and reassurance that the Department of Justice will not waver in holding accountable BOP employees and executives who abuse their authority.” In an effort to address these issues, the Department launched a working group to review the Department’s approach to rooting out and preventing sexual misconduct by BOP employees. A November 2022 [report](#) by the working group, among other things, outlined recommendations regarding prevention, reporting, investigation, prosecution, and employee discipline to improve the Department’s response to and prevention of sexual misconduct by BOP employees. In particular, the report highlighted the need for sufficiently trained staff within the BOP’s Special Investigative Services offices, which are charged with investigating staff misconduct. As an example, shortages of Special Investigative Agents have led to the frequent use of Special Investigative Services Lieutenants as initial responders to allegations of sexual misconduct by staff despite their lack of specialized sex-crime or trauma-informed training and despite the fact that these Lieutenants typically worked alongside the alleged perpetrator and reported to the leadership of the institution where the alleged perpetrator worked. The working group assessed that this, along with other factors, may deter reporting of sexual or other misconduct by staff. This shortage also leads to a significant backlog of staff misconduct cases, including those involving allegations of a sexual nature. The working group recommended that

Special Investigative Agents, who operate independently of institutional leadership, be the initial point of contact for these reports to enhance investigations and improve the BOP's response.

The OIG has also identified serious concerns with how the BOP handles allegations of administrative misconduct by BOP staff, including sexual misconduct, in investigations and disciplinary proceedings. In a [Management Advisory Memorandum \(MAM\)](#) issued in October 2022, the OIG notified the BOP of OIG concerns with the BOP's handling of inmate statements and testimony in staff misconduct cases. Contrary to established policy and applicable law, the BOP was not evaluating inmate testimony on a case-by-case basis. Instead, inmate testimony was largely dismissed in the absence of corroboration, which failed to adhere to the "preponderance of the evidence" standard necessary to sustain findings in administrative misconduct cases. The OIG made three recommendations to the BOP, two of which have been thoroughly addressed and considered closed.

In addition to concerns arising from BOP staff sexually abusing inmates, an OIG review identified serious concerns with inmate conduct directed toward their custodians. Inadequate recordkeeping detrimentally impacts the BOP's ability to respond to inmate-on-staff sexual assault. A February 2023 OIG [report](#) found that, when addressing inmate-on-staff sexual misconduct, the BOP had incomplete recordkeeping, particularly within the system used to track inmate violations. These records often lacked the gender of the victim, a narrative of the reported incident, and the correct prohibited act code that dictates the disciplinary action received by the offending inmate. Without complete data, the OIG concluded that the BOP could not adequately quantify the issue of inmate-on-staff sexual misconduct and thus could not implement policies to address it. This dramatically reduces institutional safety and morale of staff, leading to staff retention issues and exacerbating staffing shortages.

Security Cameras

Effective security cameras, a critical tool in maintaining safety and security in BOP institutions and assisting law enforcement to investigate and hold both inmates and staff accountable for crimes or misconduct, have been a long-standing issue for the BOP. In 2021, the OIG issued a [MAM](#) regarding needed upgrades to the BOP's security camera system that found 86 percent of the BOP's cameras (20,700 of 24,000) were utilizing old analog technology that had poor-quality video, limited coverage of areas within institutions, limited ability to zoom and search recorded video, and restricted video storage periods. The OIG recommended the BOP upgrade its video camera system to a modern, fully digital system, and that recommendation remains open as of August 31, 2023. More recent



A security camera outside a BOP facility

Source: OIG

oversight work underscores that problems with the BOP's security camera system continue. For example, the OIG's unannounced [inspection](#) of FCI Waseca found shortcomings in the institution's camera system, making it difficult to monitor inmate activity and provide sufficient coverage of highly trafficked inmate areas. Additionally, as detailed in the OIG's June 2023 [report](#), the BOP facility where inmate Jeffrey Epstein

was assigned had a history of camera problems, such as nonfunctioning cameras and recurring failures, particularly with respect to the hard drives of the camera’s digital video recorder system.

The bipartisan [Prison Camera Reform Act of 2021](#), enacted in December 2022, shortly after congressional testimony by several BOP sexual assault victims and Inspector General Horowitz, requires the BOP to address these types of issues and ensure that its facilities have security cameras with coverage and capabilities necessary to ensure the documentation and accessibility of video evidence pertaining to misconduct, maltreatment, or criminal activity within correctional facilities. Promptly addressing the requirements in the law will assist the BOP in meeting this recurring challenge.

Facility Infrastructure

Another enterprise-wide challenge related to the BOP’s inability to remedy operational issues connected to safety and security is its aging infrastructure. Many of the BOP’s physical facilities have deteriorated to the point of literally crumbling due to a growing list of unfunded modernization and repair needs. As discussed in the May 2023 operational issues [review](#), BOP Executive Staff commonly

cited aging infrastructure as a foundational, enterprise-wide challenge that has limited the BOP’s

capacity to remedy operational issues. To illustrate the depth of this challenge, an OIG inspection of [FCI Waseca](#) identified serious infrastructure issues such as significant damage to several building roofs that have caused leaks throughout the institution. The OIG also found that inmates with top bunks slept in very close proximity to exposed pipes, which inmates stated regularly leaked onto their beds. After receiving a draft of this report, FCI Waseca management relocated inmates from top bunks in close proximity to pipes to other areas of the institution. Additionally, unaddressed roof maintenance caused damage to medical equipment, created food sanitation issues, and led to periodic interruption of dental care and meal services as those spaces had to be temporarily vacated due to leaks. The serious nature of these issues is not unique to FCI Waseca.

A different May 2023 OIG [report](#) found significant infrastructure issues at several other institutions. Moreover, that audit report found that the BOP’s infrastructure planning efforts were negatively impacted by two major factors: (1) a mismatch between available and needed funding, and (2) the absence of a well-defined infrastructure strategy. As of May 2022, the BOP’s

Priority Recommendation: BOP Strategic Plan for Transitioning to Digital Security Cameras in its Facilities

Given the consequences of inadequate, poorly functioning security cameras and the clear need BOP has in this area, in 2021, the OIG [recommended](#) that the BOP develop a comprehensive strategic plan for transitioning to a fully digital security camera system that, among other things, identifies enhancements needed to address camera functionality and coverage deficiencies, provides cost projections and the BOP appropriations account to fund the upgrades, and includes an estimated timeline for completion of the work. The BOP agreed with the recommendation and is taking steps towards implementation.



Proximity of exposed pipes to inmate beds in FCI Waseca

Source: OIG

estimated costs for needed, major repairs were approaching \$2 billion. Yet, the BOP's budget request has been far below its estimates and resource needs. In her [statement](#) before the Senate Judiciary Committee in September 2022, Director Peters discussed prioritization projects and systems needing replacement or upgrades throughout the agency to include water and sewer distribution, electrical distribution, roof replacement, boiler replacement, fire detection, and fence replacement. Also, according to Director Peters, infrastructure attention is required to support existing systems in dire need of upgrades such as fiberoptics and communications, and fiberoptics is being installed to provide the backbone for necessary camera upgrades that are ongoing. In the May 2023 audit report, the OIG recommended the BOP develop an infrastructure strategy and establish and implement key performance indicators to validate whether the BOP is meeting its infrastructure goals.

Watch [IG Horowitz Speak on the OIG's Report on the BOP's Efforts to Maintain and Construct Institutions.](#)



(Left) Ripped ceiling at Correctional Institution Taft in California, (Right) Mold below pipes at Federal Transfer Center Oklahoma City in Oklahoma [Correctional Institution Taft was closed after it was deemed unsafe to occupy due to major infrastructure issues]

Source: OIG

Pandemic Response and Mental Health

The COVID-19 pandemic tested the BOP's ability to respond to a public health emergency that required significant operational modifications to prevent and manage the spread of COVID-19 and protect inmate and staff health and safety. It is critical that the BOP learn lessons and adapt to handle the next public health emergency, which the [World Health Organization](#) has warned is a threat.

In addition to the previously discussed March 2023 [capstone report](#) of the BOP's response to the pandemic, in May 2023, the OIG reported [survey results](#) of federal inmates' perceptions of the BOP's management of the COVID-19 pandemic. According to the results from the 25,500 inmates who responded to the survey, which was distributed to 126,000 inmates in 122 BOP institutions, inmates also reported that the medical and mental health care they received and the availability of cleaning supplies and institution sanitation worsened during this time. According to approximately 54 percent of inmates, information that the BOP

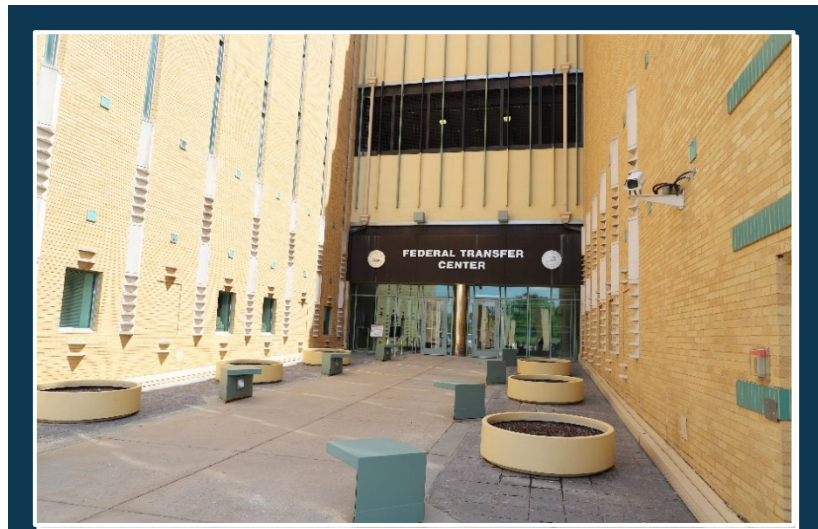
provided to inmates on how to protect themselves from COVID-19 infection was either “poor” or nonexistent.

Procurement and Financial Management

Procurement and financial management remain significant strategic management challenges within the BOP. The BOP continues to bypass the contract solicitation process through the issuance of sole-source contract actions, potentially creating significant cost risks for the BOP due to lack of competition. Although the BOP is making progress towards a comprehensive medical plan for its medical service contracts, implementation in the near term is unlikely. Additionally, the BOP continues to experience resource constraints throughout the organization that significantly impact its ability to maintain internal controls over financial management.

Contract Management and Oversight

The timely procurement and oversight of BOP contracts remains an important challenge for the BOP. In September 2022, the OIG issued a [MAM](#) highlighting concerns identified through several audits and reviews conducted since 2012 that related to the BOP’s strategy for medical services contracts. Such contracts are important because medical services are a significant expense, and it is important for BOP’s budgeting to optimize cost certainty in this volatile area. Although the BOP has taken corrective actions to address and close numerous OIG recommendations at the



Front Entrance of Federal Transfer Center Oklahoma City in Oklahoma

Source: OIG

institutional level, improvements are still needed to close out many of the OIG recommendations for medical services contracts. As of August 31, 2023, 22 recommendations remain open related to medical services contracts with 1 recommendation dating as far back as 2016. Successfully executing corrective actions in response to OIG recommendations can help the BOP improve its oversight and management of inmate medical services. Additionally, the OIG completed an audit of 14 sole-source contract actions totaling \$58 million that the BOP awarded to 13 contractors between FYs 2018 and 2022. The OIG identified several concerns resulting from the turnover of qualified contracting officials, using acquisition and facility personnel to “augment” its understaffed CO workforce, and lack of adequate oversight and monitoring. The OIG proposed nine recommendations to help the BOP improve its controls and activities related to its sole-source actions. The OIG has found similar issues with BOP contracting in audits of [facility construction contracts](#), [perimeter fencing contracts](#), and [residential reentry center contracts](#), including inadequate acquisition planning, a sole-source award resulting in limited competition, and insufficient contract oversight and monitoring. Although the BOP has closed many of the recommendations stemming from

these reports, the recent sole-source contracts and medical services reports demonstrate the many challenges the BOP faces to resolve repetitive contract management and oversight deficiencies. Last, the OIG is conducting an [audit](#) of BOP contracts awarded to the American Correctional Association (ACA). The objectives of the audit are to evaluate the value the BOP receives through ACA accreditation of prison facilities. Additionally, the OIG is evaluating how the BOP uses ACA accreditation to improve BOP standards for health, safety, and security of inmates and staff.

Financial Management and Reporting

During FY 2022, the Department completed its multi-year financial management strategy to consolidate multiple financial management systems into one system by migrating the legacy core accounting system for the BOP into the Department's centralized accounting system, the Unified Financial Management System. In addition to this significant change, the BOP continued to experience ongoing challenges with workforce attrition, and—similar to the acquisition and facility personnel referenced above—BOP employees with financial management responsibility were required to augment the BOP's CO workforce duties in addition to their existing financial responsibilities.

The FY 2022 Annual Financial Statements [Audit](#) identified multiple control deficiencies related to the BOP's financial management. These included: (1) financial reporting controls not being executed by employees with sufficient training to ensure transactions were recorded in accordance with generally accepted accounting standards and financial management policy, (2) system-generated reports lacked quality information to permit management's timely and reliable execution of internal controls over financial reporting, and (3) accounting ledgers required a significant number of accounting adjustments to correct material errors that were the result of deficient internal controls over financial reporting. These control deficiencies indicated there was a reasonable possibility that a material misstatement in the financial statements would not have been prevented or detected and corrected on a timely basis, and accordingly, were reported as a material weakness in the independent auditor's report. The report included three recommendations for the BOP to improve its financial management and reporting controls.

Policy Development and Implementation

As discussed in the [2022](#) Top Management and Performance Challenges report, the BOP continues to face significant challenges in implementing policies required by legislation, including the First Step Act (FSA), as well as amending and updating its policies in general. The BOP has addressed concerns identified in the OIG's November 2021 [MAM](#) on the Failure to Conduct Formal Policy Negotiations on the BOP's Implementation of the FSA and Closure of OIG Recommendations by reimplementing in-person union meetings following pandemic-related restrictions and prioritizing issues pending negotiation with the national union and policies related to the FSA. However, recent GAO assessments of the BOP still show shortfalls in reaching compliance and implementing programs needed in the federal prison system. For example, in [February 2023](#), GAO reported that the BOP had not evaluated the effectiveness of its health care reentry policies and procedures to ensure a continuity of care following an inmate's release from BOP custody. Additionally, in [March 2023](#), GAO reported that about 45 percent of people released from federal prison are re-arrested or return within 3 years and that, despite the FSA requiring the BOP to regularly assess incarcerated people's needs and their risk of reoffending, the BOP did not have readily available, complete and accurate data regarding FSA risk and needs assessments, lacked effective monitoring efforts to assess FSA requirements and had not determined if such efforts will measure whether

risk and needs assessments are completed on time, and did not have quantifiable goals that aligned with the FSA.

In addition, as of August 31, 2023, all 5 recommendations remain open related to an [OIG evaluation](#) of the BOP's policy development process and its inability to timely update its national policies governing the actions, conduct, and conditions of employment for its nearly 35,000 staff. While the Department's [FSA Annual Report in April 2023](#) highlights the Department's and the BOP's progress in fully implementing the FSA, there remains substantial work to do in this important area. In order for the BOP to address the numerous challenges that it faces, it will need to take action to ensure that it can effectively and timely implement revised and updated policies.

Promoting and Safeguarding National Security

Promoting and safeguarding national security, a core responsibility of the Department of Justice (the Department or DOJ), remains a significant challenge amid an ever-evolving threat landscape in which a range of foreign and domestic malign actors use a variety of techniques to threaten American lives, democratic institutions, critical infrastructure, economic interests, and emerging technologies. Reflecting the scope and significance of the difficult task of promoting and safeguarding national security, DOJ's [fiscal year \(FY\) 2024 funding request](#) includes \$7.7 billion for national security programs, or over 15 percent of the Department's total FY 2024 spending request. Of this request, \$32.7 million is sought to expand DOJ's

counterterrorism efforts and address other national security threats. Given the overlapping and intersecting roles of the Federal Bureau of Investigation (FBI), federal partners, and other DOJ components in promoting and safeguarding national security, ensuring collaboration and cooperation across agencies and components is essential. The Department must meet this difficult challenge while also safeguarding civil liberties.

One of the new facets of this long-standing challenge is Russia's invasion of Ukraine. DOJ has sought to impose accountability on criminal networks and disrupt destabilizing national security threats arising from the invasion. The Department has [responded](#) to Russian aggression by pursuing accountability for war crimes, striking back against malign Russian cyber activity, and by limiting Russia's access to the global financial system. To this end, through its investigations and prosecutions, the Department has restrained over \$500 million in assets belonging to Russian oligarchs and others who unlawfully evade U.S. economic countermeasures; charged over 30 individuals accused of [sanctions](#) evasion, [export](#) control violations, money [laundering](#), and [other](#) crimes; and pursued arrests in over half a dozen countries. Building off this success, Attorney General Merrick Garland authorized the first-ever transfer of seized assets to the Department of State to support the rebuilding of Ukraine.

DOJ and the FBI also face the challenge of demonstrating that the FBI has implemented effective compliance tools in its use of Section 702 of the Foreign Intelligence Surveillance Act to address past compliance failures in its use of Foreign Intelligence Surveillance Act authorities, as discussed in the [Strengthening Public Trust in the U.S. Department of Justice](#) challenge. Numerous DOJ officials have identified Section 702 as a significant tool that helps DOJ achieve its national security mission. Section 702, which is scheduled to sunset at the end of this year, permits the U.S. government to acquire foreign intelligence information about



FBI agent in Tampa Bay, Florida, helping with security preparations for Super Bowl LV in 2021

Source: FBI

foreign persons reasonably believed to be outside the United States. The [President's Intelligence Advisory Board](#), a group of citizens from outside the government that serves as an independent source of advice to the President on the Intelligence Community's effectiveness in meeting the nation's intelligence needs, concluded in a July 2023 [report](#) that "Section 702 is essential to generating the intelligence necessary to protect the United States from a host of threats." According to a [letter](#) to the Senate from the FBI Director, in the first half of 2023, "97 percent of the FBI's raw technical reporting on malicious cyber actors, and 92 percent of [the FBI's] reporting on emerging technologies, such as artificial intelligence, came from Section 702," demonstrating the critical need for this resource. Moreover, both the majority and minority of the Privacy and Civil Liberties Oversight Board concluded in a September 2023 [report](#) that the Section 702 surveillance program remains "highly valuable" in protecting the United States from a wide range of foreign threats, including terrorist attacks at home and abroad, cyber-attacks on U.S. critical infrastructure, and both conventional and cyber threats posed by China, Russia, Iran, and North Korea. The Board unanimously agreed that Section 702 should be reauthorized with reforms to improve protections for privacy and civil liberties, though the majority and minority differed sharply on how to address those concerns while preserving the program's value in protecting Americans' national security.

However, the compliance challenges that the FBI has faced while using this tool has highlighted the tension between protecting national security while safeguarding civil liberties. In 2022, the Foreign Intelligence Surveillance Court (FISC) [found](#) that FBI personnel had improperly queried Section 702 data in recent years, including more than 1,000 non-compliant batch queries. More recently, the FISC [found](#) that the FBI had improved its compliance. [According to the FBI](#), reforms implemented since 2021 have substantially lowered incidents of non-compliance, resulting in a 96 percent or better compliance rate in 702 queries as of spring 2023. Also, the President's Intelligence Advisory Board July 2023 [report](#) found that DOJ has been effective in detecting non-compliance and reporting it to the FISC and Congress. Success in achieving reauthorization of what the Attorney General recently described in congressional testimony as "an indispensable tool for protecting American national security," will depend in large part on the extent to which the Department can demonstrate the effectiveness of remedial actions undertaken at the behest of the FISC, the Office of the Inspector General (OIG), the FBI Director, and Congress.

Countering Acts of Terrorism and Violent Extremism

Domestic Terrorism and Domestic Violent Extremism

Domestic violent extremists, including individual offenders and small groups, pose a significant ongoing threat to national security, with individual offenders being the primary actors in lethal domestic terrorism incidents in the United States.⁴ As highlighted in the October 2022 [Strategic Intelligence Assessment and Data on Domestic Terrorism](#), an annual report released jointly by the FBI and Department of Homeland Security (DHS), domestic violence extremists driven by a mix of ideological, socio-political, and personal grievances represent "one of the most persistent threats to the United States today." The FBI and DHS assessed that individual offenders and small groups will continue to be the primary perpetrators of domestic terrorism attacks. The report further states that these threat actors often become radicalized over

⁴ According to the October 2022 [Strategic Intelligence Assessment and Data on Domestic Terrorism](#), "[t]he FBI and DHS use the term 'domestic violent extremism' to refer to DT threats." The report defines a "domestic violent extremist" as "an individual based and operating primarily within the United States or its territories without direction or inspiration from a foreign terrorist group or other foreign power who seeks to further political or social goals, wholly or in part, through unlawful acts of force or violence dangerous to human life."



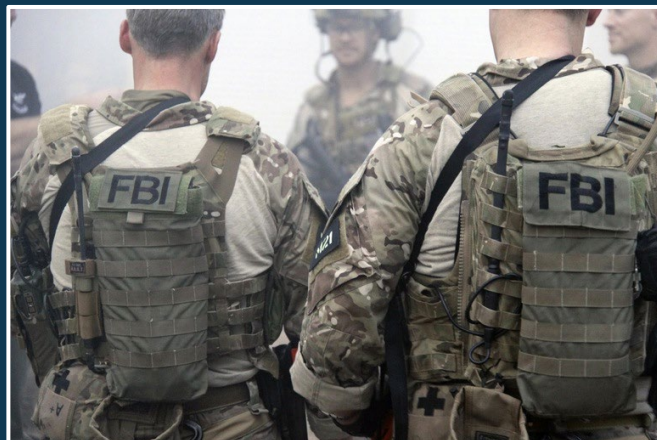
FBI agent from the Joint Terrorism Task Force

Source: FBI

the Internet, mobilize independently, and prefer easily accessible weapons, making them difficult to detect and interdict. Developing a cohesive strategy to identify these threat actors and prevent and prosecute attacks remains a significant challenge for the Department. According to the FBI Director's [testimony](#) before the House Judiciary Committee in July 2023, the FBI saw the number of FBI domestic terrorism investigations more than double since the spring of 2020. The FBI Director testified further that at the end of FY 2022, the FBI was conducting approximately 2,700 investigations within the domestic terrorism program.

In June 2023, the OIG completed an [audit](#) of the Department's strategy to address the domestic violent extremism (DVE) threat while safeguarding civil rights and civil liberties. The report included seven recommendations to help DOJ establish and maintain a cohesive approach to addressing the DVE threat, after having found that DOJ has focused efforts on investigating, prosecuting, and preventing acts of DVE, but has faced challenges in establishing a cohesive DVE strategy that would better identify lessons learned and spread awareness of available resources. While the Department has had a range of DVE-focused programs and policies in the past, some of which are ongoing, they were not consistently effective. The report found that clearer guidance across law enforcement and litigating components could promote greater consistency in classifying cases as DVE and in coordinating DVE-related cases.

The same OIG audit highlighted the need for effective collaboration across more than 15 DOJ components in combating domestic terrorism, including the FBI; Bureau of Alcohol, Tobacco, Firearms and Explosives; Federal Bureau of Prisons (BOP); Criminal Division; National Security Division (NSD), Drug Enforcement Administration; and U.S. Marshals Service. The [National Strategy for Countering Domestic Terrorism](#), released by the White House in June 2021, likewise promotes coordination and collaboration among the federal government and its state, local, tribal, territorial, and private sector partners on combating domestic terrorism. Differing communications processes and definitions of key terms challenge the FBI's ability to effectively collaborate with partners to address national security threats. According to a [report](#) issued by the U.S. Government Accountability Office in February 2023, the FBI and DHS have collaboration agreements in place; however, the effectiveness of their collaboration has not been consistently assessed. Analyzing and implementing U.S. Government Accountability Office and OIG findings and recommendations could help the Department better respond to the difficulties posed by the sprawling and ever evolving domestic terrorism threat.



FBI Hostage Rescue Team in Quantico, Virginia

Source: FBI

Given the importance of inter- and intra-agency collaboration and information sharing in safeguarding national security, the OIG is also conducting a [review](#) of the role and activity of DOJ and its components in preparing for and responding to the events at the U.S. Capitol on January 6, 2021. The review is examining what information was available to the Department and its components in advance of January 6; the extent to which such information was shared by the Department and its components with the U.S. Capitol Police and other federal, state, and local agencies; and the role of DOJ personnel in responding to the events at the U.S. Capitol on January 6. The review is also assessing DOJ protocols, policies, or procedures to identify any weaknesses that adversely affected the ability of the Department or its components to effectively prepare for, and respond to, the events at the Capitol.



U.S. Capitol building after January 6, 2021

Source: CRAIG/stock.adobe.com

International Terrorism

While domestic terrorism presents a significant threat to U.S. interests, international terrorism remains a longstanding and consistent challenge for the Department. The Intelligence Community [continues to assess](#) that ideologies espoused by foreign terrorist organizations and the transnational racially and ethnically motivated violent extremist (RMVE) movement pose a significant threat to U.S. persons, facilities, and interests. For example, Homegrown Violent Extremists (HVEs) continue to be inspired by Islamic State ideology and propaganda. Al-Qa'ida maintains its commitment to attacking U.S. interests, though the threat is more pronounced in the regions where Al-Qa'ida affiliates operate. Hezbollah may also seek to target the United States. Transnational RMVEs often call for attacks in the United States, and some domestic RMVE attacks have been inspired in part by transnational RMVE narratives and attacks overseas.

Previous OIG audits have provided insight into gaps in DOJ's counterterrorism efforts and recommendations for closing those gaps to effectively address the international terrorism threat. In March 2020, the OIG issued a [report](#) on the FBI's efforts to identify HVEs through counterterrorism assessments. The OIG determined that the FBI had taken insufficient steps to address the weaknesses the FBI had identified in its assessment process. As of July 2023, the OIG's recommendation that the FBI examine current field office initiatives to revisit subjects of closed assessments and investigations to determine whether all FBI field offices should undertake similar initiatives, remains open. This recommendation will help ensure consistent procedures across field offices for identifying HVEs in compliance with law and policy. In addition, a September 2022 OIG [audit](#) found several instances of ineffective coordination between the FBI's Office of General Counsel and the NSD, ambiguity in the delineation of their roles, and inconsistent interpretations by the FBI's Office of General Counsel and the NSD of key legal principles, exemplifying the need for coordination across components. As of August 31, 2023, two of the audit's five recommendations remain open. These concern coordination with the NSD and better delineating and distributing authorities to

improve oversight of the FBI's national security activities and to increase efficiency. In addition, the BOP is working to implement the remaining open recommendations from a 2020 [audit report](#) that found gaps in the BOP's monitoring of terrorist inmate communications.

U.S. Election Security and Countering Foreign Influence of U.S. Elections

The U.S. electoral process is the foundation of our democratic system of government. Promoting and safeguarding the integrity of U.S. elections and holding accountable those who seek to obstruct the orderly and lawful transfer of power as a result of elections are critical challenges for the Department. Additionally, it remains an increasing priority to ensure that all qualified voters can cast their ballots and have their votes counted, free from discrimination, intimidation, or fraud in the election process. Recognizing this challenge, DOJ's FY 2024 budget request includes \$8 million to enforce federal law related to voting, including expanding the Civil Rights Division's ability to address language-access obligations, rebuild enforcement capacity, and address violations of the National Voter Registration Act.



Election workers at all levels of government, whether elected, appointed, or volunteers, must be permitted to do their jobs free from threats and intimidation. The Department's interagency [Election Threats Task Force](#), launched in 2021, partners with and supports U.S. Attorneys' Offices and FBI field offices to investigate and prosecute criminal threats; train federal, state, and local law enforcement; and engage in extensive outreach with election officials to gain greater insight into the nature of the threats they face. In the 2 years the task force has been in operation, the Department has had success investigating and prosecuting individuals who have committed election crimes, leading to multiple guilty pleas this year in [Arizona](#), [Georgia](#), [Florida](#), [Michigan](#), and elsewhere.

The FBI also remains concerned about foreign malign influence operations—which include subversive, undeclared, coercive, and criminal actions used by foreign governments in their attempts to sway U.S. voters' preferences and perspectives, shift U.S. policies, increase discord in the United States, and undermine confidence in our democratic institutions and processes. Therefore, the Department is active in prosecuting state agents for espionage, conducting investigations to thwart hacking campaigns, addressing through operational activity efforts to manipulate public discourse in the United States, and expanding the Foreign Influence Task Force's Russian-focused scope to include malign foreign operations of the People's Republic of China, Iran, and other global adversaries. The OIG continues to conduct a [review](#) of the

Department's efforts to coordinate the sharing of information related to foreign malign influence directed at U.S. elections. This review is examining coordination between the FBI and other components, as well as between DOJ and non-DOJ entities, and the associated challenges.

Countering Foreign Espionage

As the Attorney General noted in his March 2023 [testimony](#), “[the People’s Republic of China], Russia, Iran, and North Korea are becoming more aggressive and more capable in their malign activity than ever before.” Effectively protecting confidential human sources, witnesses, operations, investigations, and its own personnel requires that the Department meet the challenge posed by the increased foreign espionage threat.

One way the Department addresses this challenge is through the FBI's undercover operations, which allows it to detect, prevent, and prosecute threats and acts related to counterintelligence, counterterrorism, cyber, and other areas. In December 2022, the OIG released a [report](#) that found several areas in which the FBI's national security undercover operations can be improved, including the under-utilization of and training provided to Certified Undercover Employees, the speed at which certain sensitive undercover operations are approved, and the tracking of short-term undercover activities that are not part of a full, authorized operation. The report made 10 recommendations to improve safety and how the FBI manages its national security undercover operations program, such as improving the tracking of undercover activities and establishing qualifications for undercover coordinators and a comprehensive training plan for undercover employees. DOJ concurred with all of the recommendations and as of August 31, 2023, continued to work on implementing them.

Safeguarding Sensitive Assets and Classified Information and Protecting Whistleblowers

Protecting sensitive assets, infrastructure, classified information, supply chains, and key technologies critical to U.S. national security and economic prosperity remain challenges for the Department. As discussed in the Department's [strategic plan](#), insider threats can take on many forms, including media leaks, espionage, the unauthorized disclosure of classified information, the theft of intellectual property, violations of export controls or sanctions, or the loss or degradation of DOJ resources or capabilities. While insider threats and unauthorized disclosures present a serious challenge, DOJ must also remain committed to upholding [whistleblower rights and protections](#) that allow for DOJ employees or DOJ-affiliated individuals to report wrongdoing in accordance with the laws that govern the release of classified or unclassified information. DOJ managers and other leaders who encourage their employees to raise concerns promote a critical dual purpose: (1) this incentivizes DOJ personnel to report those concerns internally, rather than seeking an unauthorized outlet, such as the media, to report their concerns, and (2) when employees report internally, it provides DOJ management with an opportunity to assess and address the issue before it becomes a major problem. While DOJ employees are always protected for providing information to the OIG, the OIG also encourages all DOJ managers and leaders to familiarize themselves with whistleblower rights and responsibilities, and to discuss these rights with their employees to foster an environment that encourages lawful, internal disclosures, and thereby, discourages unlawful disclosures to unauthorized recipients.

Cybersecurity and Emerging Technology

Cybersecurity is a critical priority in view of our society's existential reliance on information technology systems for, among other things, data storage and processing, communications, and commercial transactions. The multifaceted challenge presented in the cybersecurity arena involves protecting sensitive information and systems from unauthorized access, disruption, and theft. With the increasing sophistication of cyber criminals, cybercrime poses a significant challenge to the U.S. Department of Justice (the Department or DOJ) and the nation and has led to financial losses and privacy breaches. Moreover, the rapid advancement of emerging technologies, such as artificial intelligence (AI) and new operational technologies, introduce vulnerabilities and complexities that require the Department to be agile and proactive in adapting its cybersecurity strategy to keep pace with technological changes. Enhancing cybersecurity, combatting cybercrime and cyber threats, along with adopting advanced and emerging technologies are significant challenges facing the Department.

Enhancing Cybersecurity

Cybersecurity is a risk management process—not an end state—that works to ensure information technology systems, data, and devices are protected from breaches and disruption. The Department has a leading federal role in the government's cybersecurity strategy, as outlined in the March 2023 White House [National Cybersecurity Strategy](#). In addition, the Department relies on technology systems for its mission and operations. The Department's [fiscal year \(FY\) 2022-2024 Information Technology Strategic Plan](#) outlines goals to elevate cybersecurity to strengthen its security posture against complex cybersecurity attacks, improve and fortify internal remote access for the mobile workforce, and streamline identity and access management. Further, the Department's [2022 Comprehensive Cyber Review](#) identified several areas where the Department could improve its practices in order to increase its cybersecurity related to electronic communications, mobile device security, and contractor cybersecurity requirements. As risks to systems increase with advancing technology, it is critical that the Department is vigilant in maintaining and modifying as necessary its comprehensive cybersecurity strategy as an effective risk-management program.



DOJ has a leading federal role in the government's cybersecurity strategy

Source: NicoElNino/stock.adobe.com

Cyber Supply Chain Threats

The Department, like many federal agencies, relies on commercially-available technology solutions to fulfill its mission and support its critical functions. Globalization, outsourcing, and digitization have resulted in complex, diverse, and extensive information technology supply chains that leave DOJ with less control and visibility into its supply ecosystems. Cyber supply chain threats pose a significant risk as bad actors may exploit vulnerabilities in the supply chain to gain unauthorized access to government systems by targeting

suppliers, vendors, or partners. Such attacks can lead to devastating consequences, including data breaches, supply chain disruptions, intellectual property theft, and potential harm to end-users. To help the Department better confront the challenge presented by cyber supply chain risks, the Office of the Inspector General (OIG) released an [audit report](#) in July 2022 that found, among other things, that the Justice Management Division (JMD) lacked the personnel resources needed for an effective cyber supply chain risk management (C-SCRM) program, as well as widespread non-compliance with C-SCRM requirements, outdated C-SCRM guidance, inadequate threat assessments, and insufficient mitigation and monitoring actions. The OIG also found that Federal Bureau of Investigation (FBI) procurement officials often improperly bypassed the FBI's C-SCRM program due, in part, to misunderstanding or unawareness of C-SCRM requirements. As of August 31, 2023, 15 of the 17 recommendations made by the OIG to assist the Department in managing cyber supply chain risks remained open. Addressing the open recommendations will help JMD and the FBI enhance risk mitigation and monitoring of the risk across all DOJ components.

Safeguarding Data and Information Systems

An important part of cybersecurity is ensuring the data and information systems are secured and protected. The Department has a responsibility to appropriately safeguard its data and information systems. The importance of data security was illustrated in February 2023, when the [U.S. Marshals Service suffered a major security breach](#). Hackers broke into and stole data from a computer system that included law enforcement sensitive information such as information related to "ongoing investigations, employee personal data, and internal processes" as well as "sensitive files, including information about investigative targets." The Department responded to this incident by conducting an inventory of all components' systems with the goal of ensuring that all were properly approved and in compliance or could be brought into compliance with DOJ requirements. DOJ's response is ongoing.

Pursuant to the Federal Information Security Modernization Act (FISMA), the OIG regularly tests the effectiveness of Department components' information security policies, procedures, and practices and the security of their systems. These audits identify weaknesses in controls that may need to be strengthened to ensure systems and data are adequately protected. In FY 2022, the OIG assessed many different component-specific information systems, specifically, those belonging to the [Environment and Natural Resources Division](#), [Office of Justice Programs](#), [Federal Bureau of Prisons](#), [Civil Division](#), [FBI](#), and [JMD](#). A majority of the FY 2022 FISMA audits led to at least one recommendation designed to strengthen component-specific information systems. As a member of the law enforcement and intelligence community, and as custodian of highly sensitive law enforcement and national security information, it is imperative the Department ensure its systems are secure. An aspect of doing so is giving high priority to

National Institute of Standards and Technology (NIST) Critical Success Factor: Supply Chain Information Sharing

NIST states that an effective information sharing process helps to ensure enterprises can gain access to information critical to understanding and mitigating cybersecurity risk in the supply chain, and also share relevant information to others that may benefit from or require awareness of these risks. NIST's key practices for establishing and participating in supply chain risk information sharing relationships include:

- establishing information sharing goals and objectives, specifying the scope of information sharing, and establishing information sharing rules;
- using secure, automated workflows to publish, consume, analyze, and act upon supply chain risk information;
- participating in information sharing efforts; and,
- proactively establishing supply chain risk information sharing agreements.

addressing the FISMA audit recommendations for improving the deficiencies the OIG identified in the systems we assessed. In a November 2022 memorandum to all DOJ component heads, the Deputy Attorney General emphasized the importance of the FISMA process as an opportunity to strengthen the Department's defenses against cyberattacks, intrusions, and data breaches. She directed that components whose systems were audited by the OIG promptly address the OIG's recommendations, and that components not reviewed by the OIG consider their vulnerabilities in view of the OIG's findings in the audited components. This appropriate step by Department leadership recognizes the importance of addressing system vulnerabilities. As of September 2023, there are currently 47 open FISMA recommendations from all FISMA audits conducted across the Department, indicating that work remains to be done.

Combatting Cybercrime and Cyber Threats

Cyber threats can adversely impact national security and the economy. As a law enforcement agency, the Department has an integral [role](#) in protecting the nation against these threats and leading the response to cyber incidents. Combatting cybercrime and cyber threats to the nation's security remains among the Department's [highest priorities](#) as part of its mission to ensure public safety against threats foreign and domestic and to provide federal leadership in preventing and controlling crime. Some of the challenges the Department currently faces include threats from ransomware, the difficulties of federal and global coordination for combatting cybercrime, and the mobility and high demand for highly trained cyber staff.

Ransomware

Ransomware continues to be one of the leading cyber-based threats to national security. Cybercriminals deploy ransomware and digital extortion attacks against federal agencies and U.S. businesses and organizations. In May 2023, the Department [indicted](#) a Russian national and resident for using three different ransomware variants to attack numerous victims throughout the United States, including law enforcement agencies and other sectors. In another recent example, the FBI [covertly disrupted](#) the Hive ransomware variant in January 2023, captured its decryption keys, and offered the keys to victims worldwide, which prevented payment of \$130 million in ransom demands. To combat ransomware attacks, the Department created the Ransomware and Digital Extortion Task Force to strategically target the ransomware criminal ecosystem as a whole and collaborate with domestic and foreign government agencies as well as private sector partners to combat this significant criminal threat. The OIG has an [ongoing audit](#) to assess the Department's strategy to combat ransomware threats, and response to and coordination on ransomware attacks against public and private entities, which will assist the Department in addressing this significant challenge.

Federal and Global Coordination for Combatting Cybercrime

In a July 2022 [Comprehensive Cyber Review](#), the Department recognized that successfully combatting cyber and cyber-enabled crime cannot be accomplished by any single government agency or private firm. In its national lead role, it is key that the Department coordinates with other government agencies and on a global level. In response to the U.S. Government Accountability Office's (GAO) September 2022 [report](#) on federal agency collaboration in preventing and responding to ransomware, the Department is developing a working group to share ransomware incident-related information and facilitate interagency coordination. Further, as highlighted in another GAO [report](#) issued in March 2023, DOJ also provides direct assistance to fighting cybercrime and works with foreign nations to help combat these technology-driven crimes. Global

collaboration activities include information sharing with foreign partners on current threats and providing cyber training to foreign law enforcement. The report cited a lack of dedicated resources, difficulties in retaining highly trained staff, and inconsistent definitions of “cybercrime.” Continuing to build collaboration across the nation and increasing capacity globally will aid DOJ in combatting increasingly widespread and complex cybercrime.

Enhancement of Cyber Workforce

The Department relies on a host of dedicated and talented personnel to respond to, investigate, and disrupt cyber threats—including attorneys, Special Agents, Intelligence Analysts, computer scientists, data analysts, forensic technicians, and others. The Department [identified](#) difficulties in retaining cyber-related personnel due to compensation disparities between the Department and the private sector, as well as with other government departments and agencies. According to the Department’s July 2022 [Comprehensive Cyber Review](#), the Department of Homeland Security and the Department of Defense have taken steps toward addressing similar problems by creating new types of federal civil service positions for their cyber-specialized employees. These and other federal entities have also utilized cyber-specific pay incentives to attract candidates. With the rapid proliferation of cyber threats, including ransomware and other malicious attacks, it is imperative that these roles are filled with highly qualified personnel who understand both the technology and the potential applications. In confronting this challenge generally, the Department must be among the forefront of government employers taking available steps to be competitive for the most capable staff, for whom there is great demand, in the highly mobile marketplace for their skills.

Advanced and Emerging Technologies

Advanced and emerging technologies present both opportunities and challenges for the Department. AI and technologies such as forensic analysis systems have increased in capability and complexity for law enforcement and other uses in the Department.

Technologies can advance operational needs, but also require workforce and infrastructure readiness, ongoing adaptation, and attention to critical privacy and national security issues. This evolving landscape presents challenges for the Department to proactively strategize and respond to emerging risks so as to not be outpaced by technological change.



The evolving technology landscape presents challenges for the Department

Source: Putilov denis/stock.adobe.com

Strategic Planning and Adoption of Emerging Technologies

The Department’s [Comprehensive Cyber Review](#) identified a lack of coordination in emerging technology efforts across components and cited potential risks in duplication of effort. Additionally, the review included

recommendations for a standing interdisciplinary body, established principles of use, and [upskilling a cyber workforce](#) in order to reduce barriers to adoption of emerging technologies.

One technology frequently discussed across government and society at-large is AI, which can be used for a wide range of applications from completing an individual task to simulating broad human behavior.⁵ In response to a requirement in Executive Order 13960 Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government, the Department reported 15 AI use cases to a federal annual inventory in June 2023, an increase from 4 AI use cases submitted a year prior in June 2022. The Department has been using AI techniques such as machine learning to classify and detect anomalies in drug samples, topic modeling and clustering to consolidate records review, machine translations, and other algorithms to manage information such as tips to law enforcement, multimedia data, and case documents. However, the most recent publicly issued [strategy](#) on AI from the Department—which outlines an AI adoption and coordination strategy with DOJ component responsibilities—is from 2020. The use and prevalence of AI is growing at a rapid pace and is currently available mainstream in various forms. As GAO [reported](#) in May 2023, federal agencies cannot afford to be reactive to the risks and consequences of AI. Further, as noted in GAO’s September 2022 [report](#), data privacy risk management is another significant topic to address in this area.

Key AI issue areas include system-level governance, data security, and privacy. Considering GAO’s guidance on responsible federal use of AI and data privacy will assist the Department in strategizing and coordinating the adoption and governance of AI.

Responding to Changing Operational Technology

Technologies that advance or impact investigations and law enforcement operations for the Department are particularly vital. These can include new [communication technologies](#), [end-to-end encryption of data](#), and [facial recognition technology](#). Specifically, FBI Director Christopher Wray’s May 2023 congressional [testimony](#) cited a key concern in keeping pace with operational technologies that are becoming increasingly important to combatting criminal and terrorist threats. Technologies cited by Director Wray were forensic advancements and body worn cameras. Recently, the OIG [initiated an audit](#) of the FBI’s efforts to respond and adapt to changing technologies in the environments where it operates. The audit objectives are to determine the sufficiency and effectiveness of the actions the FBI is taking to respond to changing technological environments and the training the FBI provides to its personnel to increase the workforce’s adaptability to those changes. After initiating the audit, in December 2022, the OIG issued a classified [Management Advisory Memorandum \(MAM\)](#) to the FBI when the OIG’s initial audit work revealed that certain aspects of the FBI’s efforts to respond to changing operational technologies were inadequate and required better communication and coordination, and prompt corrective action. The classified MAM included two recommendations to help ensure that the FBI employs a more robust and effective strategy to address the risks posed by changing operational technologies and that its workforce is better positioned to identify and adapt to those risks. The FBI concurred with both recommendations and stated that it has already begun taking necessary corrective actions. Addressing the OIG’s recommendations in the MAM, and any recommendations that result from the current audit, will help the Department as it responds to changing operational technologies.

⁵ GAO, “Artificial Intelligence,” <https://www.gao.gov/artificial-intelligence> (accessed September 20, 2023).

Pursuing the Department’s Law Enforcement Mission While Protecting Civil Rights and Civil Liberties

Like other law enforcement agencies, the U.S. Department of Justice (the Department or DOJ) faces an ongoing need to prioritize transparency and accountability, particularly relating to use of force and safeguarding civil rights and civil liberties. At the same time, the Department must ensure that sufficient strategy and resources are dedicated to pursuing long-standing, large-scale challenges, such as violent crime and opioid and narcotic interdiction; emerging priorities, such as pandemic-related relief fraud; and the protection of vulnerable populations, such as children.



Police officer badge

Source: Fergregory/stock.adobe.com

Protecting Civil Rights and Ensuring Accountability

The Department continues to face the important challenge of carrying out its law enforcement operations while fulfilling its duty to protect civil rights and civil liberties. For example, as the Department continues to reform and modernize its own law enforcement practices and policies, it faces the challenge of ensuring adequate oversight of and accountability for its investigative tools and programs so that they align with the full spectrum of the Department’s duties and legal obligations.

Use of Force

The Department serves as a lead entity for the May 2022 [Executive Order \(EO\) 14074](#), Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety. In the aftermath of the most recent racially charged events involving law enforcement, this EO has the stated [goal](#) of placing “federal policing on the path to becoming the gold standard of effectiveness and accountability” while imposing requirements to modernize federal policing and improve safety, accountability, and public trust. The Department continues to take action including issuing guidance banning the use of chokeholds and carotid restraints, restricting the use of “no knock” warrants, and updating DOJ’s [use-of-force policy](#) with officers’ affirmative duty to intervene and render medical aid as well as receive de-escalation training. Moreover, coinciding with the issuance of an Office of the Inspector General (OIG) audit [report](#)



U.S. Marshals Service (USMS) agents conducting a law enforcement operation in Baltimore, Maryland

Source: USMS

in June 2021, the Deputy Attorney General [directed](#) all DOJ law enforcement components to establish and implement a body worn camera (BWC) program.

In September 2023, the OIG issued an [audit](#) of DOJ's use-of-force policies within its law enforcement and corrections components. We found that DOJ law enforcement and corrections components made substantial progress towards updating their policies and training to align with DOJ's updated requirements. However, we also identified certain policy gaps related to use-of-force in custodial situations, and some components' use-of-force policies and practices were inconsistent in their application to task force officers and contractors. In addition, DOJ has not identified a mechanism to help ensure components' training programs are consistent, appropriate, or complete. We made

six recommendations to minimize potential risks associated with use-of-force tactics. While these steps are important to DOJ's objective of modeling accountability in law enforcement practices, DOJ should consider further leveraging its leadership role in the law enforcement community to create incentives for state and local entities to: (1) promote community engagement, (2) remedy racial disparities in policing where they exist, and (3) improve public trust in law enforcement. The persistent challenge for DOJ is to lead the nation's law enforcement community to eliminate race-based differences in operational activities and improve community perception of equitable treatment. In May 2023, as a part of the EO, the Department issued [guidance](#) to its law enforcement components regarding the use of race, ethnicity, gender, national origin, religion, sexual orientation, gender identity, and disability in the performance of federal law enforcement and intelligence activities to ensure that those agencies gather and depend on information that is reliable and trustworthy while promoting unbiased conduct during federal law enforcement and intelligence activities. Among other things, as part of DOJ grants to state and local law enforcement agencies, such entities could be required to demonstrate commitment to safe and accountable policing practices, such as those described in the EO and implementation of a BWC program.



Police BWC

Source: Skyward Kick Prod/stock.adobe.com

Oversight and Accountability

Internal and external oversight and accountability are other mechanisms for the Department to protect civil rights and civil liberties. DOJ's [fiscal years \(FY\) 2022–2026 Strategic Plan](#) identifies goals of establishing a culture of transparency and accountability and promoting trust between communities and law enforcement. In 2023, the Department's Civil Rights Division concluded investigations of the [Minneapolis Police Department](#), [City of Minneapolis](#), [Louisville Metro Police Department](#), and [Louisville/Jefferson County Metro Government](#), and found that each entity engaged in a pattern or practice of conduct that violates the U.S. Constitution and federal law, including use of excessive force. Each entity entered into an agreement in principle to negotiate consent decrees with the Department to resolve the investigative findings. Such remedial actions resulting from Department investigations are one way in which the Department can meet its above goals.

Watch [IG Horowitz Speak on the
OIG's Report on DOJ's Policy on
Body Worn Cameras.](#)

To further help the Department achieve its transparency and accountability goals, the OIG continues reviewing DOJ policies and practices protecting civil rights and liberties. In advance of the OIG's BWC [report](#), the Deputy Attorney General, with notice of the OIG's concerns, directed that all DOJ law enforcement components establish and implement policies to use BWCs, which enhance transparency and accountability in law enforcement.

Currently, the OIG has an [ongoing audit](#) of the DOJ's Electronic Recording of Statements Policy ([Justice Manual 9-13.001](#)) governing electronic recording of custodial statements by the Department's law enforcement components. The preliminary objective is to assess component-level policies and procedures implemented to effectuate the policy. The [intent of the policy](#) was to ensure an objective account of interactions with people held in federal custody, thus providing federal law enforcement officials indisputable accounts of statements and documenting that detained individuals are afforded their constitutionally protected rights. The OIG review of component-level policies and procedures will help ensure that these Department law enforcement components are exercising their authority properly and are accountable for their treatment of individuals in their custody in connection with those individuals' statements. In addition, in August 2023, the OIG [initiated an audit](#) of the Department's Special Deputation Program to determine if the USMS, which oversees the program, established adequate policies, procedures, and controls. In September 2023, the OIG issued an [audit report](#) that assessed how the Office of Justice Programs solicits, receives, and reviews complaints of unlawful discrimination by recipients of DOJ grants and cooperative agreements, including civil rights violation allegations against law enforcement and correctional components receiving DOJ funds. This audit found that the Department can promote greater awareness of the civil rights complaint process to ensure that the public is knowledgeable about civil rights protections, and Department components responsible for responding to complaints can better work together to more efficiently address pressing civil rights violations and concerns.

Targeting Violent Crime: Gun Violence

Combatting violent crime is a longstanding and significant priority for DOJ. Ensuring the Department is prepared to meet commitments set out in its [FYs 2022-2026 Strategic Plan](#), [Comprehensive Strategy for Reducing Violent Crime](#), and [strategy update](#), particularly as they relate to the issue of gun violence, will be an ongoing challenge. A Federal Bureau of Investigation (FBI) [report](#) issued in April 2023 revealed that U.S. active shooter incidents increased by 66.7 percent in 2022 compared to 2018. The FBI's report found that in 2022, there were a total of 50 active shooter incidents in 25 states and the District of Columbia, involving 61 firearms.



A handgun seized by the USMS

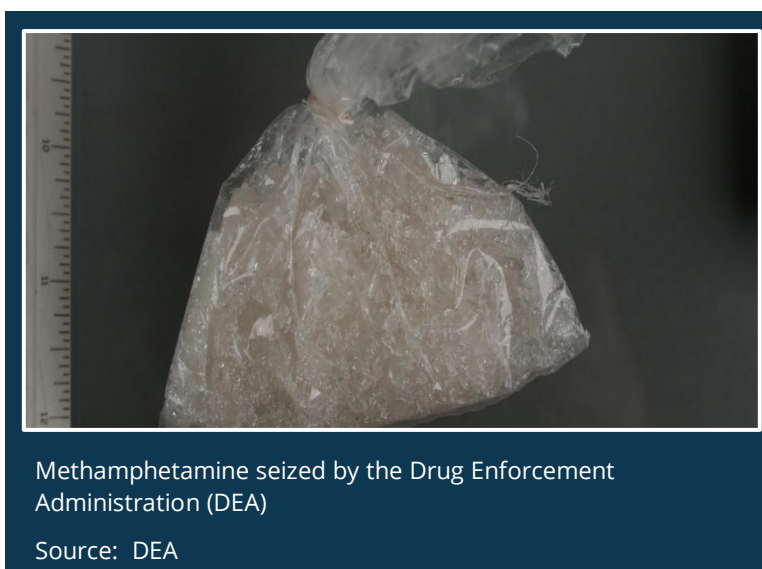
Source: USMS

The Department's FYs 2022–2026 strategic plan outlines several [strategies](#) to address gun violence and other violent crime, as well as [specific goals](#) to reduce gun-related violent crime by September 30, 2023. These include increasing the percentage of urgent firearm trace requests completed within 48 hours, the percentage of firearms cases that target traffickers or other large-scale enterprises, and the number of inspections of federal firearms licensees (FFL). Additionally, this year the Department has [awarded](#) over [\\$238 million](#) to states, territories, and the District of Columbia under the Byrne State Crisis Intervention Program. These awards will be used to fund extreme risk protection order programs, also known as “red flag laws,” which keep guns out of the hands of those who pose a threat to themselves or others.

As the federal agency responsible for regulating federal firearms licenses, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) conducts inspections to ensure FFLs operate in compliance with laws and regulations and in a manner that protects public safety. These inspections review an FFL's inventory and transaction records to, among other things, detect and prevent the illegal diversion of firearms and reduce the possibility of firearms being obtained by prohibited persons. During our past audit work the OIG identified significant challenges facing ATF in performing its regulatory responsibilities due to significant resource constraints, as well as steps that ATF can take to improve its FFL inspections program. Most recently, in April 2023, the OIG released an audit [report](#) that found ATF had taken measures to address previous OIG findings related to the effectiveness of ATF's oversight of FFLs, but that additional improvements were necessary. The OIG made 13 recommendations to ATF to strengthen its compliance inspection activities and its oversight of FFLs. Specifically, the OIG recommended that ATF develop modern tools, such as employing predictive analytics, and that ATF revise its policies and procedures concerning the examination of inspection results to effectively identify high-risk FFLs. Implementing these recommendations could help enable ATF to not only increase the number of FFL inspections as described in DOJ's strategic plan, but also increase the efficacy of those inspections.

Opioids and Narcotics Interdiction

Drug trafficking and interdiction continue to be pressing challenges for the Department. According to Centers for Disease Control and Prevention [data](#), after 2 years of sharp increases, overdose deaths leveled off in 2022. However, there were still approximately 110,000 recorded overdose deaths in 2022, 48 percent higher than pre-pandemic totals. According to this same data, opioids and synthetic opioids make up the vast majority of reported overdoses, and fentanyl is the leading cause of death for Americans between the ages of 18 and 45.



Methamphetamine seized by the Drug Enforcement Administration (DEA)

Source: DEA

Violent, international criminal organizations and cartels have become increasingly prevalent in opioid and fentanyl trafficking. U.S. Customs and Border Protection [reports](#) that the amount of fentanyl seized at the border has risen significantly from FY 2021 to FY 2023. In April 2023, the Attorney General [announced](#)

charges against the Sinaloa Cartel for running the “largest, most violent, and most prolific fentanyl trafficking operation in the world.” The Department also brought charges in [June](#) and [October](#) 2023 against China-based companies and their employees with crimes related to fentanyl production, distribution, and sales resulting from precursor chemicals.

The Department’s ongoing efforts to detect and seize dangerous drugs include its Joint Criminal Opioid and Darknet Enforcement team, along with international partners, [conducting](#) a coordinated international effort spanning three continents to disrupt fentanyl and opioid trafficking on the darknet or dark web. To counter the global criminal networks most responsible for the influx of fentanyl into the country, the Sinaloa and Jalisco Cartels, the DEA has created [counterthreat teams](#) for each cartel to map, analyze, and produce targeting information for the cartels’ operations. Additionally, in June 2023, the Department [closed](#) an OIG audit report that contained recommendations to the DEA to improve the strategic management and oversight of DEA-supported foreign law enforcement units. In particular, the OIG coordinated with the DEA to close recommendations involving the initiation and verification of host nation agreements for DEA-supported foreign law enforcement units, as well as the bilateral use of its judicial wire intercept program.

Besides large, complex operations with international elements, Department entities must also partner and work closely with state and local law enforcement to detect and disrupt opioid and fentanyl trafficking. The DEA [worked](#) with state and local law enforcement partners nationwide to seize approximately 44 million fentanyl pills and 6,500 pounds of fentanyl powder. The operation specifically targeted those responsible for the last mile of drug distribution, both in the community and on social media. A recent OIG audit report [found](#) that Department components can better



coordinate and leverage resources to work with federal, state, local, and tribal law enforcement agencies and prosecutors to combat the opioid crisis. The OIG made four recommendations to assist the Department in better coordinating efforts to address this crisis. As of August 31, 2023, three recommendations remain open. The OIG is in the process of conducting an [audit](#) of the Bureau of Justice Assistance Comprehensive Opioid, Stimulant, and Substance Abuse Program to determine, among other things, if the Bureau of Justice Assistance effectively coordinated and collaborated with Comprehensive Opioid, Stimulant, and Substance Abuse Program partners and stakeholders.

Countering the Intensifying Threat of Child Exploitation

The Department [recognizes](#) child exploitation as “one of the most reprehensible and destructive offenses confronting our nation today.” In 2006, DOJ launched Project Safe Childhood, which was [originally aimed](#) at utilizing federal, state, and local resources to pursue technology-facilitated sexual exploitation of children,

and was [expanded](#) in 2011 to include all federal crimes based on sexual exploitation of a minor. In 2023, DOJ released its third [National Strategy for Child Exploitation Prevention and Interdiction](#), which described child exploitation as “an ongoing public health crisis” that “requires a whole-of-society strategic response.”

The evolution of the scale and type of online threats to children poses a particular challenge for DOJ. Reports of suspected child sexual exploitation have grown [substantially](#) with the number of reported images, videos, and other content, increasing from approximately 45.8 million files in 2018 to 88.4 million files in 2022.⁶ According to a December 2022 [report](#) issued by the U.S. Government Accountability Office, multiple factors are driving this growth in online threats, including use of end-to-end encryption and the ability of offenders to share content and network in dark-web communities.

As noted in past oversight work, the Department’s ability to vigorously pursue child exploitation offenses will be aided by clear internal policies and guidance. A 2021 OIG [report](#) identified concerns with the FBI’s efforts to notify victims of child sexual abuse material, and a 2022 [Management Advisory Memorandum](#) noted the FBI’s lack of a policy governing the transmission of child sexual abuse material over email. In 2021, the OIG released a [report](#) that found multiple violations of FBI policies and concluded that FBI employees failed to treat allegations against Former USA Gymnastics Physician Lawrence Gerard Nassar with the “utmost seriousness and urgency that they deserved and required.” The OIG is conducting an [ongoing audit](#) of the FBI’s compliance with laws, regulations, and policies related to its handling of tips of hands-on sex offenses against children and mandatory reporting of suspected child abuse. Finally, the U.S. Government Accountability Office has [recommended](#) the Department regularly update its National Strategy for Child Exploitation Prevention and Interdiction and take other steps to improve its capacity to pursue child exploitation offenses, as required by the PROTECT Our Children Act of 2008.

The Department’s Ongoing Efforts to Combat Pandemic-Related Fraud

As noted in the [2022 Top Management and Performance Challenges report](#), the distribution of an unprecedented amount of federal disaster response funds in a relatively short time frame without sufficient controls resulted in a significant increase in fraudulent activities. More than 3 years after the passage of the first emergency pandemic relief bill, the Department

Priority Recommendation: FBI Coordination with State and Local Authorities on Allegations of Crimes Against Children

In response to the FBI’s mishandling of the sexual abuse allegations against Larry Nassar, in 2021, we [recommended](#) that the FBI reassess its policies to more precisely describe when FBI employees are required to promptly contact and coordinate with state and local law enforcement and social service agencies after receiving allegations of crimes against children that potentially fall under state jurisdiction, even when the allegations also potentially fall within the FBI’s jurisdiction. Given the direct impact of the FBI’s failure on the victims, resulting reduction of public trust in law enforcement, and the potential to mitigate similar situations in the future, the OIG believes implementation of this recommendation should be a DOJ priority. The FBI agreed with the recommendation and is taking steps towards implementation.

⁶ Noting a “distinct rise in the enticement of children, especially minor girls, for sexual imagery” during the COVID-19 pandemic, along with the emergence of “sextortion,” in which children are threatened with the release of explicit content unless they provide more content or compensate the extorter. President and CEO, National Center for Missing & Exploited Children, Prepared Remarks, before the U.S. Senate Committee on the Judiciary, concerning “Protecting Our Children Online” (Feb. 14, 2023), www.judiciary.senate.gov/imo/media/doc/2023-02-14%20-%20Testimony%20-%20DeLaune.pdf.

continues to deal with the effects of massive amounts of fraud associated with the over \$5 trillion in pandemic-related funding. The Pandemic Response Accountability Committee and its member Inspectors General have estimated that the amount of fraud associated with pandemic relief programs exceeds over \$100 billion. The ongoing challenge for the Department is ensuring that it has, and can dedicate, sufficient investigative and prosecutive resources to hold accountable those engaged in this pernicious fraud. DOJ's [FYs 2022–2026 strategic plan](#) notes that reports of financial victimization via fraud, especially Internet-enabled fraud, reached all-time highs in 2020. As of August 2023, the Department's COVID-19 Fraud Enforcement Task Force's coordinated efforts [resulted](#) in criminal charges against more than 3,000 defendants and the seizure of more than \$1.4 billion in relief funds.

Programs meant to help individuals and small businesses, including the Payment Protection Program (PPP), Economic Injury Disaster Loans, and Unemployment Insurance (UI) benefits were particularly exploited, as these programs were launched with few, if any, controls to check if the applicant was legitimate and qualified for aid. Passing time has revealed both the ease with which fraud occurred and the prevalence of fraudsters. Bad actors participated in far-reaching and multi-jurisdictional schemes to magnify their ill-gotten gains. In addition to domestic criminals, including violent street gangs and prison inmates committing UI fraud, international organized criminal groups have also targeted these funds by using stolen identities to file for UI benefits. Examples include an individual [charged](#) with participating in a scheme to submit more than 100 applications to seven financial institutions and fraudulently obtain over \$13 million in PPP loans, an individual [convicted](#) of collecting personally identifiable information of numerous individuals from the dark web and using the identities to file at least 180 fraudulent UI claims in two separate states, and a foreign national [convicted](#) of recruiting others to a scheme that sought over \$3 million in PPP loans.

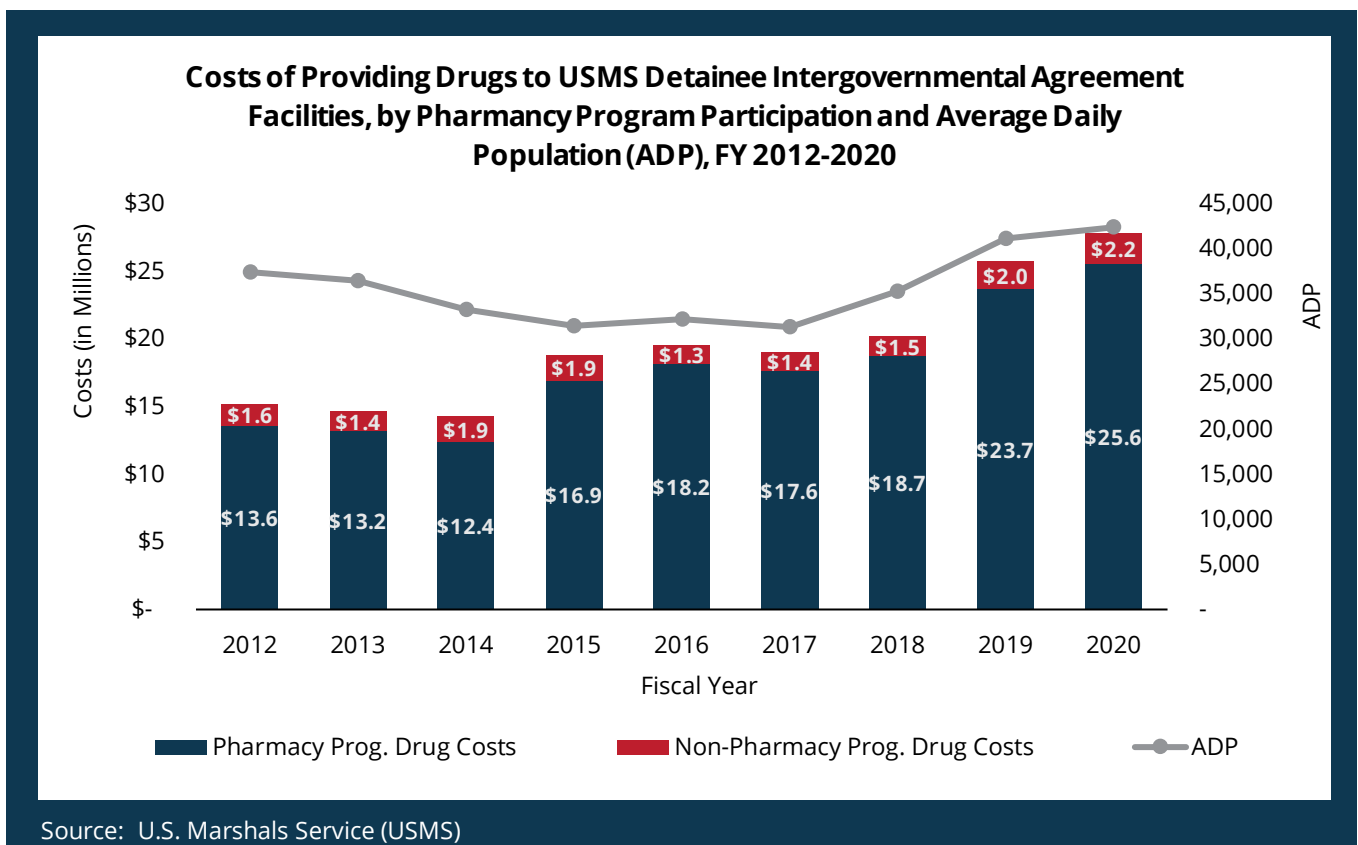
Recognizing the ongoing challenge, the Department launched its COVID-19 Fraud Enforcement Task Force in 2021 to coordinate DOJ's nationwide prosecution efforts. Additionally, Congress extended the statute of limitations for all forms of PPP loan fraud and all COVID Economic Injury Disaster Loans fraud to 10 years to allow investigators the time necessary to fully pursue those who defrauded these two programs. The Department will need to continue to coordinate with its more than 30 partner agencies as it pursues and recovers the massive amounts of defrauded relief funds. A previous OIG audit issued in 2022 [found](#) that Department components can better coordinate and utilize their finite resources to more effectively track, refer, and prosecute pandemic-related fraud matters. While all associated recommendations in the report were closed in July 2023, the Department must continue to identify and utilize all possible efficiencies considering the large amounts of fraudulently obtained funds that continue to be discovered.

Improving the Management and Oversight of U.S. Department of Justice Contracts and Grants

In fiscal year (FY) 2022, the U.S. Department of Justice (the Department or DOJ) awarded over \$8.6 billion in contracts and \$4 billion in grants. The management and oversight of contracts and grants remains a challenge for the Department. In particular, areas of concern include planning and oversight throughout the procurement lifecycle and grant financial management practices.

Contract Management

To ensure responsible use of public funds, it is incumbent upon the Department to conduct robust acquisition planning and contract oversight and strengthen its contract planning, monitoring, and compliance with laws and regulations.



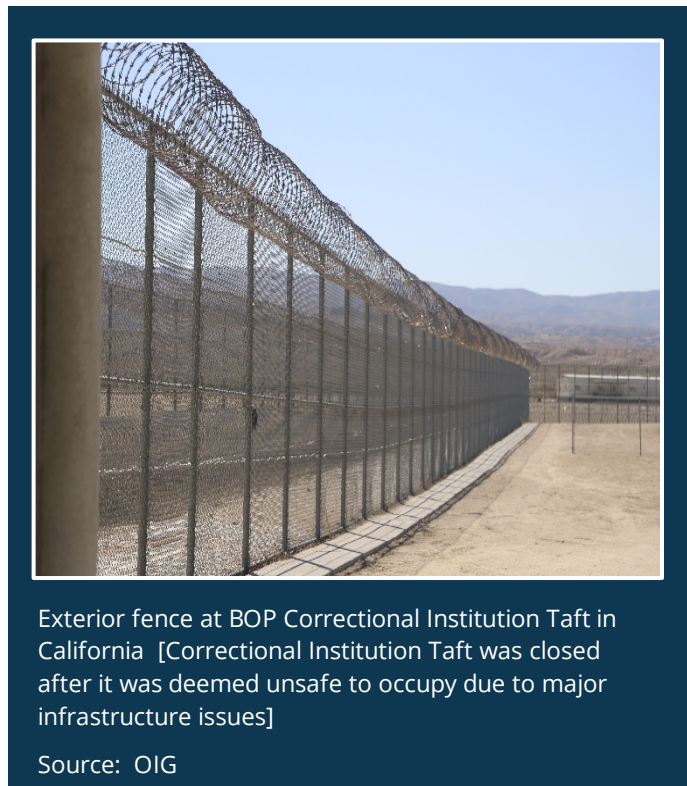
Procurement and Acquisition Planning

Proper procurement and acquisition planning promotes full and open competition and helps ensure DOJ meets its procurement needs in the most cost-effective and timely manner. Opportunities exist for DOJ to improve compliance with acquisition planning requirements to receive a fair and reasonable price for goods and services. The Office of the Inspector General (OIG) has repeatedly identified deficiencies in procurement planning that have resulted in DOJ components entering into contracts with significant cost uncertainty. For example, a December 2022 [OIG report](#) that examined the USMS's pharmaceutical drug costs and procurement process found that there was no cost control for drugs purchased by non-pharmacy

program facilities for which the USMS was separately invoiced. Consequently, the OIG found that the USMS was at risk of paying unnecessarily high prices for drugs purchased by those facilities. Further, in a September 2022 [report](#) on the Federal Bureau of Prisons' (BOP) procurements awarded for medical services provided to Residential Reentry Management Branch inmates, the OIG found that the BOP's inadequate acquisition planning and market research resulted in award pricing that was not cost effective or supported by price justifications.

Examples of poor acquisition planning by Department components has not been limited to medical services contracts. In a July 2023 [report](#) on the Office of Justice Programs' (OJP) procurement for JustGrants, a new grants management system, the OIG found that inadequate coordination and ineffective planning early in the process significantly affected OJP's ability to deliver JustGrants as intended. Compliance with Federal Acquisition Regulation (FAR) requirements also ensures that procurement and acquisition planning result in contracts that maximize taxpayer dollars. However, the OIG's JustGrants report also found that a lack of clarity in the original solicitation and blanket purchase agreement resulted in significant cost increases after task orders were issued and implemented. In addition, an August 2023 [report](#) on the Community Relations Service's contracting activities, the OIG identified several areas of non-compliance with FAR and DOJ requirements, including a lack of written acquisition plans or market research. In a November 2022 [report](#) on the Executive Office for Immigration Review's (EOIR) procurement of an electronic case management system, the OIG found that EOIR and Justice Management Division acquisition planning documents lacked multiple FAR and DOJ requirements. Insufficient evaluation of requirements and stakeholder input may result in the selection of systems that do not adequately meet the agency's needs.

Proper acquisition planning also ensures that appropriate consideration is given to the costs and trade-offs involved in a procurement. In a March 2023 [report](#) on the USMS's implementation of [Executive Order 14006](#), which prohibits DOJ from renewing contracts with privately operated detention facilities, the OIG reviewed concerns related to the decision to replace the USMS's expiring contract with a private contractor via an agreement with a local government entity, which then contracted with the same contractor and continued to house the detainees at the same facility. The new agreement increased the USMS's costs and provided the USMS with less direct oversight of the facility. The OIG found, among other things, that not all costs and benefits of the conversion had been disclosed to responsible officials, which raised concerns about whether the decision was fully informed.



Administration and Oversight

More than 3 years after the OIG issued a [Management Advisory Memorandum \(MAM\)](#) that notified DOJ of systemic issues related to contract management, DOJ components continue to face challenges in contract

administration and oversight, which involve actions performed after a contract has been awarded to determine how well the contracting parties execute the requirements of the awarded contract. By improving contract management, DOJ can mitigate risks, reduce costs, minimize delays, and strengthen the negotiation of contracts awarded.

Several recent audits of Department contracts illustrate the issues and the challenges DOJ needs to address. For example, in an August 2023 [report](#) on OJP's contract awarded for the Office for Victims of Crime training and technical assistance center, the OIG found that OJP did not have a quality assurance plan in place until the final month of the 5-year procurement, limiting the assurance that consistent monitoring occurred throughout the procurement. In addition, in the OIG's July 2023 [report](#) related to OJP's procurement for JustGrants, the OIG found that OJP did not adequately establish a quality assurance plan that would allow OJP contracting officials to effectively monitor progress, nor did OJP ensure that duties delegated to its contracting officer's



DOJ components continue to face challenges in contract administration and oversight

Source: NicoElNino/stock.adobe.com

representative were fully executed and documented. The OIG identified similar issues in the EOIR case management system [report](#), which found that government and contract personnel in oversight roles did not receive timely training, were not certified, and were not always properly designated. Ensuring timely training, certification, and designation will help to strengthen components' ability to provide effective contract oversight and administration.

Moreover, the OIG has repeatedly found that some DOJ components do not ensure that contractor performance evaluations are entered into the Contract Performance Assessment Reporting System, which is an important component of performance monitoring. The FAR requires that this information be entered at least annually during the contract evaluation periods. As detailed in audit reports issued in [September](#) and [November](#) 2022 and [September](#) 2023, the OIG found that for contracts issued by the BOP and EOIR, necessary performance information was either not added to the Contract Performance Assessment Reporting System or the information was late, incomplete, or did not cover the evaluation periods. Non-compliance places DOJ at greater risk of relying on the services of suboptimal contractors, which can result in delays, subpar products or services, or wasteful spending.

Additionally, ensuring all contracts contain mandatory whistleblower protections is critical in helping the federal government remain efficient and accountable, and to ensure appropriate stewardship of taxpayer dollars, as we discussed in the 2022 [Top Management and Performance Challenges report](#) and detailed in a 2021 [MAM](#). Unfortunately, the OIG continues to find, as recently as [August](#) 2023, that Department contracts omit statutorily mandated clauses regarding whistleblower rights and protections for contractor employees, which show that the problem persists.

Contracts for medical services entered into by the BOP and the USMS present a particularly high risk for the Department because of the significant and rising costs for such services and related products, such as pharmaceuticals. As noted above, the OIG has found deficiencies in acquisition planning that have resulted in these DOJ components entering into contracts with significant cost uncertainty. A September 2022 [MAM](#) highlighted concerns stemming from multiple reviews of such contracts conducted by the OIG. In addition to inadequate planning for its medical services contracts, the OIG identified other issues with BOP's contracting strategy, including weak contract oversight and limited competition for contract awards. It is essential for the Department to develop and implement a comprehensive strategy that ensures transparent, efficient, and cost-effective procurement and acquisition planning processes.

Grants Oversight

The Department continues to face challenges in effectively managing its portfolio of grants, as evidenced by the OIG's numerous audits of grant recipients awarded millions of dollars, resulting in many recommendations to enhance DOJ's administration and monitoring of awards, help grant recipients better achieve compliance, and effectively implement grant recipients' programs. During the past year, OIG grant audits continued to find that grant recipients need to improve their programmatic oversight, as well as their oversight of subrecipients of grant funding. With over \$4 billion in grant funds awarded in FY 2022 alone, the oversight of grants, which has also been identified in nearly every year's Top Management and Performance Challenges report, remains a challenge for the Department. This challenge is further complicated by the need to prevent and detect fraudulent activity by recipients of grant funding, which unfortunately the OIG continues to find on occasion. For example, in January 2023, the former Chief Executive Officer of an anti-poverty nonprofit [pleaded guilty](#) to embezzling and misusing more than \$600,000 in grant funds. This past fiscal year, OIG grant fraud investigations resulted in grant recipients being sentenced for grant fraud in [Iowa](#), [Nebraska](#), and [Puerto Rico](#). The OIG will continue to work with the Department to combat this type of fraud and ensure responsible stewardship of federal funds.

Grants Management System

The Department's plan for JustGrants was to deploy a single system that would allow applicants, grantees, and DOJ grantmaking components to move seamlessly through the full grants management lifecycle. However, in addition to the contracting issues identified above, the audit [report](#) showed that despite years of planning, the new system had a significant negative impact on users (both the federal employees and recipients). In response to a survey of users conducted in April 2022, 91 percent of users stated they experienced technical difficulties with JustGrants. Ultimately, OJP was forced to provide multiple extensions to financial, programmatic, and other reporting that compromised DOJ's ability to provide effective oversight of the billions of dollars in awards it makes each year. While JustGrants is operational and functioning for deployed features, in FY 2023, OJP continues to resolve technical issues, build out additional system functionality, and provide training opportunities to JustGrants users.

Programmatic Oversight

The OIG's oversight activities ensure recipients use grant funds in a manner consistent with their intended purpose and in compliance with regulatory and statutory requirements. The OIG's ongoing grant oversight touches on some of the most critical issues facing the United States today. For example, the OIG is currently [auditing](#) the Office on Violence Against Women's efforts to administer grant funding during the COVID-19 pandemic. The oversight is critically important, especially as we continue to assess and understand the

impact of COVID-19 on intimate partner violence. The OIG is also [auditing](#) OJP's Comprehensive Opioid, Stimulant, and Substance Abuse Program. As opioid-related deaths remain [elevated](#), our efforts to determine if OJP is effectively managing the program and coordinating with stakeholders will provide valuable information to the Department. Finally, in April 2023, the OIG [initiated an audit](#) of the Office of Community Oriented Policing Services (COPS Office) hiring program, which provides funding directly to law enforcement agencies to increase their community policing capacity and crime prevention efforts. The audit will determine if the COPS Office made recent awards in accordance with applicable guidance and assess the COPS Office's efforts to monitor those awards. In addition to providing important grant oversight, this work can also provide valuable insight into how DOJ collects and uses data to ensure the most vulnerable communities across the country receive the assistance they need.

Oversight of Grant Recipients

During the past year, OIG grant audits continued to find that OJP needs to improve its oversight to ensure grant recipients improve their financial management, programmatic and financial reporting, and monitoring of subrecipients. Specifically, in FY 2023 the OIG identified nearly \$1.1 million in questioned costs, suggesting that grant recipients need to improve their administration and management of award funds. The OIG also found deficiencies related to grant recipients' accomplishment of program performance goals in audit reports issued in [December 2022](#) and [February](#) and [March](#) 2023. Further, in reports issued in [November](#) and [December](#) 2022, the OIG found that audited recipients had budget management and reporting deficiencies. The OIG will continue its oversight of grant-funded programs to help ensure effective grant management, oversight, and responsible use of federal funds.



Crime Victims Fund

The OIG plays an important role in detecting and deterring waste, fraud, and abuse in programs designed to improve how crime victims receive the support and assistance they need. To support the important oversight of Crime Victims Fund (CVF) programs, Congress has transferred \$10 million annually to the OIG since FY 2015 for dedicated oversight of CVF programs and activities. With these funds, the OIG has audited approximately 21 percent (\$4.2 billion) of the total CVF funds awarded (\$20.7 billion) and released over 85 audit reports resulting in nearly 600 recommendations since FY 2015. CVF audit reports issued in June 2023 found that [Kansas](#) and [Alabama](#) state administering agencies—which administer the CVF funds by subawarding these funds to local organizations that provide services to victims—lack adequate policies and procedures to ensure accurate reporting of performance or financial activities. Additionally, in [May](#) 2023

the OIG again found that a grant recipient submitted inaccurate certification reports, which serve as the basis for determining the amount of certain future CVF awards, possibly resulting in awards that were hundreds of thousands of dollars over and under the appropriate amount. These issues, which have been discussed in previous [Top Management and Performance Challenges reports](#), unfortunately persist.

Due to the OIG's concerns with the monitoring performed by state administering agencies, the OIG has begun auditing CVF funds subawarded to organizations that provide services to victims. Recent work in this area indicates that many subrecipients of grant funds struggle with financial management and limiting their use of federal funds for allowable purposes. For example, in audit reports issued in [May](#) and [September](#) 2023, the OIG identified that the CVF subawards may have been used for unallowed purposes, such as an educational program for individuals who are not crime victims. Further, in another report issued in [May](#) and that same report issued in [September](#) 2023, the OIG identified issues with subrecipients inappropriately disclosing victim information. While OJP does not have a direct role in monitoring subrecipients, DOJ must be attentive in its oversight of CVF state-level grant recipients to provide reasonable assurance that these grant funds are used as intended and in accordance with applicable laws.



The OIG oversees CVF funds

Source: NicoElNino/stock.adobe.com

Effectively Managing Human Capital

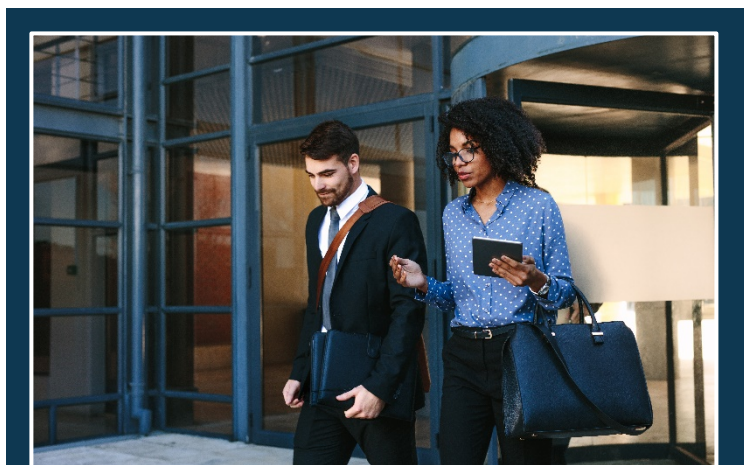
The U.S. Department of Justice (the Department or DOJ) faces multiple, interrelated human capital challenges affecting recruitment, retention, and the work environment. In the Office of Personnel Management's (OPM) 2022 [Federal Employee Viewpoint Survey](#) (FEVS), nearly 30 percent of DOJ employees reported that they were considering leaving the agency due to telework or remote work options. Moreover, according to the Partnership for Public Service's [DOJ performance dashboard](#), by 2025, 31 percent of DOJ employees and 73 percent of DOJ Senior Executive Service (SES) managers will be eligible for retirement. This data highlights the potential human capital crisis DOJ could face if it is not sufficiently attentive to the evolving market factors that drive employee recruitment and retention. DOJ should ensure that it is using all tools at its disposal, including various hiring authorities and innovative recruitment programs, to maintain a competitive posture in the market for top quality, diverse employees across all of its components and disciplines. Related issues are the critical importance of employee recruitment, safeguarding merit systems principles in hiring, and maintaining a workplace free of harassment and discrimination.

Workplace

As DOJ continues to execute and evolve its return to the office plans, it will be crucial to plan and implement strategies that meet the needs of remote, hybrid, and in-person employees while continuing to accomplish DOJ's mission. It will also be critical for the Department to be open to policy revisions to address potentially adverse reaction to implementation of its plans. Other related challenges are managing for top performance, retaining top talent, and addressing diversity and equity concerns.

Return to Workplace

As discussed in the Office of Management and Budget's (OMB) April 2023 [memorandum](#) regarding evolving agency work environments, revised return-to-workplace plans require thoughtful consideration to ensure a smooth transition for federal employees while making sure decisions are based on how to achieve each agency's mission most effectively. In the wake of DOJ's September 2023 memorandum announcing that, with certain exceptions including for remote work, employees will be required to work in person at least 6 days per pay period starting in January 2024, the Department will face the challenge of retaining talented workers. In



Employees returning to work

Source: [Jacob Lund/stock.adobe.com](#)

2022, even before DOJ announced this new policy, 26 percent of DOJ [FEVS](#) respondents—approximately 7 percent more than the federal government-wide average—disagreed when asked if their agency's workplace re-entry arrangements were fair in accounting for employees' diverse needs and situations. A July 2023 [letter](#) from the DOJ Gender Equality Network expressed concern about the impact that increased, inflexible in-person work requirements would have on employees with caregiving responsibilities and those

with disabilities. The Department and its components face the challenge of fairly implementing the new in-person work policy's exceptions and attempting to ensure that employees have a "meaningful" in-person work experience, as the September 2023 DOJ memo and the April 2023 OMB memo require.

Another challenge will be carefully monitoring the effect of the new in-person work policy on employee retention, productivity, and morale. By leveraging workforce data, DOJ can determine whether its return-to-workplace plan succeeded in meeting organizational goals or must evolve further. DOJ can also monitor steps other federal agencies are taking with respect to workplace flexibilities, so DOJ can remain competitive and learn what has worked at other agencies.

Managing for Top Performance

Managing for top performance in the work environment that is more virtual than before the pandemic is another significant challenge across the federal government, including at DOJ. The Department scored approximately 10 percent below the government-wide averages on two [2022 FEVS](#) questions related to management: (1) only 41.5 percent of DOJ respondents feel their management makes effective changes to address the challenges faced, and (2) only 33.1 percent feel their management involves them in decisions that affect their work. As [OPM](#) notes, setting clear goals, providing regular feedback, and maintaining open lines of communication are essential components of remote management. OPM also recommends that supervisors work to recognize strong performance by teleworkers, reinforcing a sense of motivation and accomplishment. Ensuring equal opportunities for advancement also remains a top priority. According to [2022 FEVS](#) data, DOJ scored approximately 6 percent worse than the government-wide averages on two questions related to employee opportunities: (1) only 58.7 percent of DOJ respondents feel they have similar access to advancement opportunities as others in their work unit, and (2) only 63.4 percent feel their supervisor provides opportunities fairly to all employees.

Retaining Top Talent and a Workforce that Reflects Our Nation



Law enforcement agents participating in a tactical training exercise

Source: Federal Bureau of Investigation (FBI)

A significant challenge facing DOJ is retaining highly skilled individuals due to competition from the private sector and other federal agencies, its more limited work flexibilities than others, and the federal salary structure. These challenges can hinder the Department's ability to maintain a qualified and diverse workforce. As it seeks to retain its most productive and valued employees in the highly competitive employment market for the most qualified personnel, the Department will need to be mindful of its employees' interest in and support for enhanced workplace flexibilities. The [2022 FEVS](#) indicated that 22.6 percent of DOJ employees (nearly 4 percent more than the government-wide average), excluding those considering retirement, were considering leaving the agency due to their current telework or remote work options. With a

handful of exceptions, the 2022 FEVS data indicates that DOJ is underperforming, compared to other federal agencies, with respect to human capital issues. Failing to keep pace with the competition will hurt the

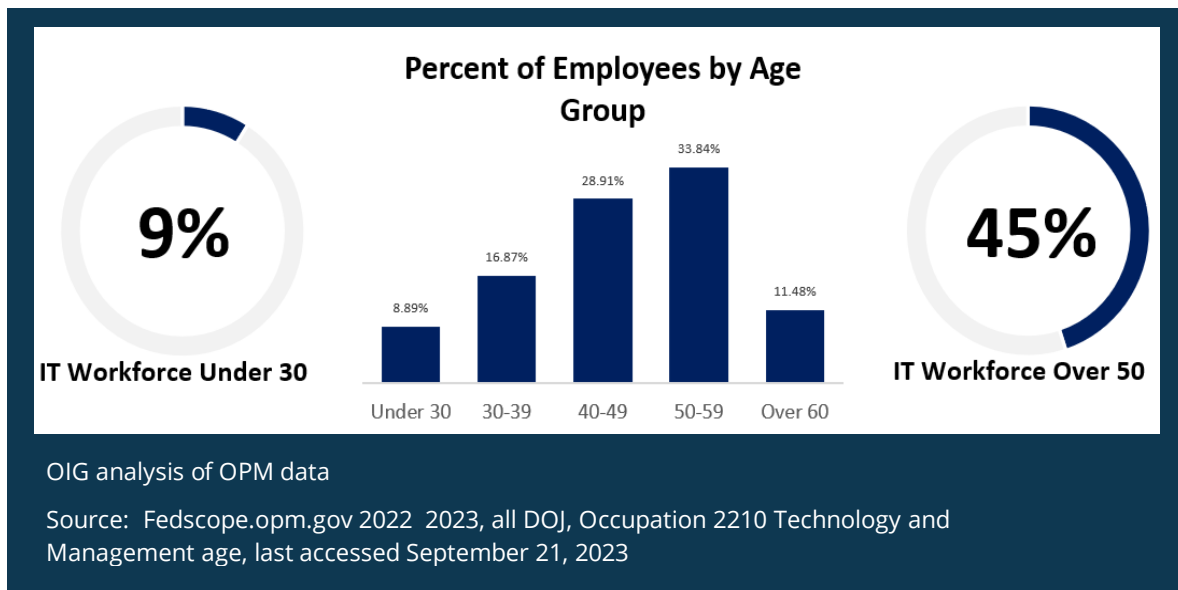
Department in its employee retention as well as employee hiring efforts, potentially resulting in DOJ sacrificing what has traditionally been its greatest strength—the talented staff dedicated to DOJ’s mission across components.

The OIG’s oversight work can help the Department address concerns about equity in the workplace, which in turn will help maintain a diverse and inclusive workforce. The OIG’s ongoing [review](#) of racial equity in DOJ’s law enforcement components is examining components’ demographics, retention, attrition, promotions, and awards, and is surveying staff perceptions related to equity. The OIG’s December 2022 [evaluation](#) of gender equity at the FBI Academy made seven recommendations to improve the FBI’s training of new Special Agents and Intelligence Analysts. Six remain open as of August 2023.

Watch [IG Horowitz Speak on the OIG’s Report on Gender Equity in the FBI Training Process for New Special Agents and Intelligence Analysts at the FBI Academy.](#)

Hiring

To hire a talented workforce that reflects our nation’s diversity, DOJ faces the challenge of using all available hiring authorities and innovative recruitment techniques to compete with other federal agencies and private sector employers. DOJ faces the related challenge of ensuring the integrity of its hiring practices.



Recruiting and Hiring Top Talent in Competition with the Private Sector

DOJ, and the federal workforce more broadly, are confronting challenges in hiring and retaining skilled employees, especially in the information technology and cyber sectors. The U.S. Government Accountability Office’s February 2023 [report](#) on OPM’s efforts to close government-wide skills gaps noted that these skills gaps may result from insufficient numbers of staff, staff lacking the necessary skills to perform their jobs, or both. DOJ’s July 2022 [Comprehensive Cyber Review](#) highlighted the specific challenge of hiring and retaining cyber experts, a topic that is discussed in the [Cybersecurity and Emerging Technology](#) section of this report. Among other things, that review noted that DOJ should consider offering more competitive incentives and salaries and offer specific programs to attract junior cyber hires, like DOJ’s new [Cyber Fellows Program](#).

With 45 percent of DOJ's information technology workforce over 50 and only 9 percent under 30 according to OPM data, and remote work becoming more of an "expectation" than an exception for entry-level and junior workers according to [testimony](#) from OMB's Deputy Director for Management, this challenge will only intensify.

The Office of the Inspector General (OIG) addressed DOJ human resource deficiencies related to hiring in an August 2021 [Management Advisory Memorandum \(MAM\)](#). The OIG found that DOJ lacked formalized Department-wide guidance for implementing and managing recruitment, relocation, and retention incentive programs; direct hiring authorities; Pathways Programs; and special hiring authorities for veterans. The OIG made four recommendations for improving human resource functions, all of which remain [open](#) as of August 31, 2023.

Hiring a Workforce that Reflects Our Nation's Diversity

In the 2 years since the issuance of [Executive Order 14035](#), Diversity, Equity, Inclusion, and Accessibility (DEIA) in the Federal Workforce, DOJ has continued to struggle with the challenge of increasing diversity, equity, inclusion, and accessibility within its ranks. As Executive Order 14035 notes, "A growing body of evidence demonstrates that diverse, equitable, inclusive, and accessible workplaces yield higher-performing organizations." Unfortunately, the Partnership for Public Service's [DOJ performance dashboard](#) shows that DOJ faces greater racial and sex disparities across both the SES and non-SES workforce than the federal government-wide average. In addition, the [2022 FEVS](#) results suggest that the Department, like much of the federal government, must improve its commitment to workplace diversity in that 11.8 percent of DOJ employees believed their supervisor was not committed to a workforce representative of all segments of society. However, as noted above with respect to all of the referenced FEVS scores, the Department also performed lower on this measure than the government-wide score.



DOJ's periodic plans and reports show that DOJ aims to meet this challenge. According to DOJ's [2022–2026 Strategic Plan](#), as part of efforts to promote good government, DOJ will update its guidance, best practices, and policies related to outreach, recruitment, and hiring, and use data to help ensure diversity and equity in the hiring process. DOJ's [2023–2026 Enterprise-wide Strategic Framework for Equal Employment Opportunity](#) commits to cultivating and retaining a highly qualified and diverse workforce. DOJ's [DEIA Strategic Plan](#) includes similar goals. DOJ has also addressed this challenge through new programs. DOJ's [FY 2021 Annual Performance Report](#) described a successful new program, the Diversity and Inclusion Dialogue Program. Since its inception in 2014, 917 employees from 26 components have successfully completed the program. DOJ's [Special Emphasis](#)

[Programs](#) continue to analyze data, identify barriers to recruiting and hiring a diverse array of candidates, and develop solutions to eliminate these barriers. Department leadership has [articulated](#) its commitment to diversity, but as the above-referenced data shows much remains to be done to address this challenge.

Compliance with Hiring Laws, Rules, and Regulations

Through our audit and investigative work, we have observed the challenges facing the Department in complying with federal hiring laws and regulations, and its own policies. For example, in August 2023, the OIG released a [MAM](#) finding that the Drug Enforcement Administration had hired Special Agents and others who had not successfully completed polygraph examinations, and had allowed Task Force Officers who had failed such examinations to remain on task forces. Additionally, our prior audit work has identified components improperly using contractors to hire individuals to perform inherently governmental functions. Further, our investigations have identified individual cases of hiring misconduct, including at the [FBI](#) and the [Drug Enforcement Administration](#).

According to 2021 U.S. Merit Systems Protection Board (MSPB) survey [data](#), DOJ respondents reported perceptions of hiring-related misconduct at significant rates. In general, the Department scored roughly the same or slightly worse than the government-wide response. The following percentages of DOJ respondents reported that they had either observed or been the victims of the following prohibited practices: (1) favoritism in hiring or advancement (22.7 percent), (2) manipulating a recruitment action to improve someone's chances (15.8 percent), (3) obstructing a right to compete for employment (14 percent), (4) solicitation and consideration of improper employment recommendations (12.3 percent), and (5) trying to influence someone to withdraw from competition (8.1 percent).⁷

The OIG is committed to helping the Department address this challenge. For example, the OIG issued a December 2022 [MAM](#) recommending that the Bureau of Alcohol, Tobacco, Firearms and Explosives add a policy addressing the recruitment of friends and relatives to avoid any improper hiring practices. As the federal agency responsible for enforcing the law, including hiring laws, it is critical that the Department itself, and its components, fully comply with them.

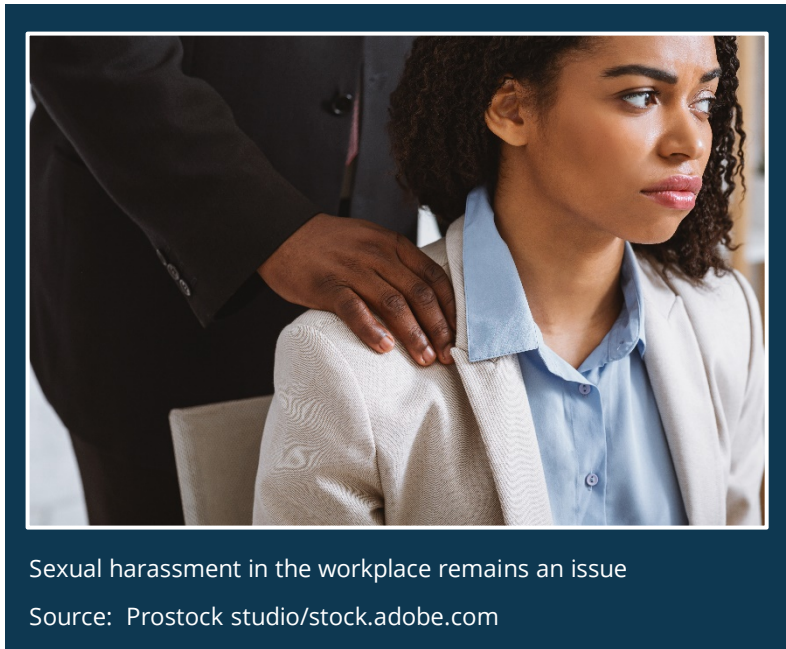
Sexual Harassment

Despite significant and important efforts by DOJ leadership to address the issue, the Department continues to face the challenge of reducing sexual harassment among employees. The MSPB has recognized that sexual harassment continues to be a challenge across the federal government, not just at DOJ. In its December 2022 [report](#), MSPB recommended three ways to address this challenge, including establishing policies and practices that make clear sexual harassment and other misconduct will not be tolerated, educating employees on these issues, and holding perpetrators accountable. DOJ can seek to overcome this challenge by continuing efforts across these three categories. According to MSPB's June 2023 [research brief](#) regarding sexual harassment in the federal workplace, the percent of male DOJ employees experiencing harassment remained steady from 2016 to 2021 at 7 percent, but the percentage of female DOJ employees experiencing sexual harassment jumped from 16 percent to 24 percent. The OIG's investigations continue to hold accountable those DOJ employees who engage in sexual harassment. For example, the OIG recently issued findings regarding inappropriate conduct by an [Assistant U.S. Attorney](#) and

⁷ This data does not include DOJ respondents who responded "Don't know/NA."

an [FBI Program Analysis Officer](#). The OIG also found that a then supervisor at the U.S. Marshals Service knew about, but failed to report, sexual harassment of a [U.S. Marshals Service intern](#).

As outlined in last year's Top Management and Performance Challenges report, DOJ continues to address workplace sexual harassment and misconduct. DOJ issued a key [memorandum](#) in 2018 setting forth directives to help components enforce the Department's zero-tolerance policy for sexual harassment. A 2021 [memorandum](#) further worked to address this challenge by establishing a steering committee to review sexual harassment policies. In 2023, DOJ created a new Sexual Misconduct Response Unit, began developing and implementing new training, and committed to issuing a comprehensive Department-wide sexual misconduct policy. These are important steps that the Department needs to continue to support in order to effectively address this significant challenge.



Sexual harassment in the workplace remains an issue

Source: Prostock studio/stock.adobe.com

Discrimination

DOJ faces the related challenge of reducing workplace discrimination and ensuring that all Equal Employment Opportunity (EEO) violations are promptly addressed. DOJ EEO data from [recent years](#) reveals positive and negative developments. The number of employees who have filed EEO complaints has remained generally steady from FY 2019 to FY 2022 although recent data obtained by the OIG indicates that the number of complaints will likely increase for FY 2023. However, data from FY 2019 to the present reflects that DOJ has become better at investigating complaints within the statutorily required time period since FY 2021. In order to meet this challenge of addressing workplace discrimination, the Department will need to enhance both its prevention and enforcement efforts.

**CONSOLIDATED MANAGEMENT RESPONSE TO
THE OFFICE OF THE INSPECTOR GENERAL 2023 REPORT ON
TOP MANAGEMENT AND PERFORMANCE CHALLENGES
FACING THE DEPARTMENT OF JUSTICE**

The Justice Department’s (Department) mission is to uphold the rule of law, keep our country safe, and protect civil rights. In July 2022, the Department released its Strategic Plan for Fiscal Years (FY) 2022-2026, which incorporates this mission and details the Department’s strategic goals and objectives for the next four years. The Strategic Plan also sets forth performance measures by which the Department will assess its progress and specifies the Department’s agency priority goals for the coming fiscal year.

The Office of the Inspector General (OIG) plays an important role in ensuring that the Department achieves its goals and objectives effectively and efficiently. OIG holds Department personnel accountable for misconduct; upholds vital protections for whistleblowers; and protects the public from waste, fraud, and abuse. As part of this work, and as required by statute, OIG annually identifies what it considers to be the top management and performance challenges facing the Department. This year, OIG identified seven challenges it believes represent the most pressing concerns for the Department:

- I. Strengthening Public Trust in the U.S. Department of Justice
- II. Strategic Management and Operational Challenges in the Federal Corrections System
- III. Promoting and Safeguarding National Security
- IV. Cybersecurity and Emerging Technology
- V. Pursuing the U.S. Department of Justice’s Law Enforcement Mission While Protecting Civil Rights and Civil Liberties
- VI. Improving the Management and Oversight of U.S. Department of Justice Contracts and Grants
- VII. Effectively Managing Human Capital

Each of these challenges aligns with one or more objectives included in the Department’s Strategic Plan. As discussed in greater detail below, the Department is fully committed to addressing each challenge in the coming years.

I. Strengthening Public Trust in the U.S. Department of Justice

Public trust is essential to public safety, and upholding the rule of law is a priority of the Department. That priority is rooted in the recognition that, to succeed and retain the trust of the American people, the Department must adhere to norms of independence from improper influence, of the principled exercise of discretion, and of treating like cases alike. Reflecting the seriousness of that obligation, the Department’s Strategic Plan lists “Uphold the Rule of Law” as its first strategic goal. The Department continues to take steps to reaffirm, update, and strengthen policies that further public trust. Public trust is essential to public safety, and upholding the rule of law is a priority of the Department. That priority is rooted in the recognition that, to succeed and retain the trust of the American people, the Department must adhere to norms of independence from improper influence, of the principled exercise of discretion, and of treating like cases alike. Reflecting the seriousness of that obligation, the Department’s Strategic Plan lists “Uphold the Rule of Law” as its first strategic goal. The Department continues to take steps to reaffirm, update, and strengthen policies that further public trust.

The Department recognizes its fundamental obligation to provide facilities that are safe for all 143,698 individuals in Federal Bureau of Prisons (BOP) custody and provide for the rehabilitation, health, and safety of incarcerated individuals; to create a safe and secure work environment for correctional professionals; and to foster an environment of transparency and accountability across federal detention facilities. Under the leadership of Director Colette Peters, BOP is focused on reforming and modernizing agency practices, with an emphasis on accountability, integrity, respect, compassion, and correctional excellence.

In April 2023, BOP's leadership announced its new mission statement: "Corrections professionals who foster a humane and secure environment and ensure public safety by preparing individuals for successful reentry into communities." Along with this new mission statement, BOP's new core values are accountability, integrity, respect, compassion, and correctional excellence. Additional information is included below about the many ways in which BOP is advancing this mission and adhering to its core values.

The Department also fully understands the need to use its investigative tools wisely and consistent with the law. Rigorous compliance and oversight related to the Foreign Intelligence Surveillance Act (FISA) continues to be a priority for the Federal Bureau of Investigation (FBI) and National Security Division (NSD). Starting in 2021, after the Department and the Office of the Director of National Intelligence (ODNI) identified additional compliance incidents involving the FBI's querying of raw FISA information, FBI worked with the Department and ODNI to institute a series of remedial measures to strengthen compliance, including by (i) requiring FBI personnel to affirmatively "opt-in" in order to query unminimized Section 702 information; (ii) ensuring heightened approvals on batch job FISA queries; (iii) supplemental guidance and mandatory training on query requirements; and (iv) new restrictions and oversight of sensitive queries. These measures have significantly strengthened compliance and led to a drop in the number of U.S. person queries conducted. In its most recent opinion, the U.S. Foreign Intelligence Surveillance Court (FISC) found that the FBI is complying with the query standard over 98% of the time. Meanwhile, the FBI saw a 94% drop in U.S. person queries from 2021 to 2022 and a further 41% drop during the first three quarters of 2023. Recognizing that these new systems changes and policies will only remain effective if people follow them, the FBI has also recently introduced accountability measures imposing escalating consequences for query compliance incidents resulting from negligence. Relatedly, the FBI has also implemented a new "Field Office Health Measure" to rate senior leadership on FISA compliance efforts within their field offices.

In response to OIG's findings that FBI personnel fell short of the FBI procedures that require agents to document support for all factual assertions contained in FISA applications to ensure the applications are "scrupulously accurate," known as the "Woods Procedures," the FBI took several steps to strengthen supervisory accountability and the process involved in the Supervisory Special Agent (SSA) review of FISA applications. The OIG identified as a priority responding to its recommendations relating to Woods Procedures, and the many steps taken already by the FBI show that the Department has addressed with urgency the problems the OIG identified. These steps include deploying a new FISA application workflow process platform called the "Bridge," and updating the requirements set forth in its FISA and Standard Minimization Procedure Policy Guide (FISA & SMP PG). In addition, the FBI now mandates that FISA Accuracy subfiles be maintained electronically unless certain limited exceptions apply. As a result, if any questions arise as to the FISA-Designated Case Agent's (FDCA) or supervisor's actions in ensuring accuracy, Sentinel's preservation of comments and the activities in the activity log provide auditors with significant information with which to verify the FDCA's and supervisor's actions.

In light of these reforms, the Department strongly supports reauthorizing Section 702 of the Foreign Intelligence Surveillance Act (FISA) to ensure that its efforts to keep our country safe from cyber, nation-state, terrorist, and other threats remain informed by the most valuable and timely intelligence. Section 702 is an indispensable tool for protecting American national security by permitting the U.S. government to collect foreign intelligence information about non-U.S. persons reasonably believed to be outside the United States.

The Department also remains steadfast in its commitment to ensuring that attorneys maintain the highest ethical standards to foster accountability and public trust. Department attorneys conducting investigations, litigating cases, and providing legal advice must adhere to complex legal and ethical standards and strict rules of professional conduct. For over 48 years, the Department's Office of Professional Responsibility's (OPR) primary mission has been to ensure that Department attorneys perform their duties in accordance with the highest professional standards, as would be expected of the nation's principal law enforcement agency. Because OPR maintains an effective system for investigating attorney professional misconduct and conducts its work independently, the public can be assured that OPR's investigations are not influenced by any relationship with prosecutorial offices or the attorneys whose conduct OPR investigates.

II. Strategic Management and Operational Challenges in the Federal Corrections System

As noted in last year's Management Response, OIG's oversight has greatly assisted the Department in carrying out its responsibility to provide a safe, secure, and humane environment for all individuals in Federal Bureau of Prisons (BOP) custody. BOP's new mission statement focuses on fostering a humane and secure environment and preparing individuals for successful reentry. BOP is committed to providing a safe environment for both its employees and the adults in its custody, and the core value of accountability requires BOP leadership and their employees to be responsible and transparent.

Addressing staffing challenges. The Department is working to ensure that all BOP facilities have appropriate staffing levels. Hiring and retention of BOP employees remains critical to provide BOP with the flexibility and stability needed to carry out its mission and to protect the well-being of its dedicated employees and the safety of those in BOP's care. As of September 2023, around 88% of BOP's funded positions are filled. Moving forward, BOP will deploy a hiring strategy that includes a comprehensive, data-driven recruitment campaign. As part of this campaign, BOP will host online recruitment events, launch targeted ad campaigns, and utilize data analytics to gauge the effectiveness of its recruitment and retention strategies.

BOP is also using targeted strategies to recruit high-need, hard-to-fill positions such as Correctional Officers and Health Services Employees. BOP's National Recruitment Office conducts targeted outreach to potential Health Services applicants and recruits through community partnerships. BOP uses special rate tables to pay salaries above applicable locality rates for other hard-to-fill professional positions across its locations, including nurses, physician's assistants, nurse practitioners, pharmacists, psychologists, and medical technologists. In May 2023, BOP received approval to resume its Accelerated Training and Promotion Program for Nurses and Advanced Practice Nurses through at least May 2028. This supplements BOP's existing use of market pay for psychiatrists, physicians, and dentists.

Preventing suicides. BOP continues to address operational challenges that have affected the safety of its institutions, including by enhancing suicide prevention efforts. BOP continuously monitors and tracks research and best practices as it relates to suicide prevention. To that end, a Warden's Advisory Group was launched to review the BOP's current policies and practices related to suicide prevention. Each institution has a Clinical Psychologist designated as a Suicide Prevention Program Coordinator. These coordinators monitor

at-risk individuals and guarantee adherence to the Bureau's assessment and intervention protocols. BOP also equips all staff with the necessary training to identify and effectively care for those who are at risk of suicide. Any time a risk of suicide is suspected, psychologists are to swiftly conduct Suicide Risk Assessments. When an individual is identified as a possible risk for self-harm, they are to be immediately safeguarded as the BOP develops short-term and long-term plans for the individual's mental health.

Reducing the unnecessary use of restrictive housing. BOP remains committed to short-term and long-term plans that will advance long-standing efforts to improve behavior modification and limit utilization of the restrictive housing tools in line with research and best practices. In the short term, BOP has activated an internal working group to compare its policies to best practices nationwide. For the long term, BOP and the National Institute of Justice (NIJ) [announced](#)¹ a partnership to conduct a comprehensive and rigorous study of the use and impact of restrictive housing in federal correctional facilities. The partnership responds to the recommendations of the Department's *Report and Recommendations Concerning the Use of Restrictive Housing*, which called for more research on the prevalence and effects of restrictive housing and the development of alternatives.

Ending sexual misconduct and strengthening internal accountability. In 2022, the Deputy Attorney General convened a working group of senior Department officials from components with expertise on addressing sexual misconduct. The working group issued a *Report and Recommendations Concerning the Department's Response to Sexual Misconduct by Employees of the Federal Bureau of Prisons*, which identified recommendations from the working group's 90-day review of the Department's response to sexual misconduct by BOP employees. In particular, the Report offered more than 50 recommendations in five areas: prevention, reporting, investigation, prosecution, and administrative discipline. The Deputy Attorney General directed that BOP and other components affected by these recommendations take immediate and concrete steps to implement them. Since the Report's release, BOP has worked diligently to implement the recommendations by preventing employee misconduct before it happens, identifying it quickly when it occurs, and holding those who engage in misconduct accountable. The Deputy Attorney General convened an Advisory Group to ensure that the recommendations are implemented as directed and to address other issues promptly when they occur.

Consistent with recommendations, BOP has reorganized its Office of Internal Affairs (OIA) and moved oversight of the Special Investigative Agents (SIAs) from each correctional institution to BOP Headquarters. Over 60 SIAs who previously reported to wardens now report directly to OIA. BOP has also increased the number of agents and employment attorneys to ensure timely investigations and accountability. For example, OIA has hired over 50 new investigators to investigate employee misconduct. In addition, BOP has assigned onsite SIAs to all female institutions. Cases, caseloads, and case durations are monitored continuously by the BOP Director to increase efficiency in investigations and accountability.

At the same time, BOP continues to work diligently with fellow law enforcement entities, and others to ensure a meaningful investigatory and disciplinary process. Additionally, BOP Director and Inspector General meet regularly, to review the status of cases that are under review as well as open cases. The BOP further recognizes that it is critical that every employee and person in custody knows that they can come forward without fear of retaliation, and if retaliation does occur, that individuals are held accountable for that misconduct as well.

¹ https://www.bop.gov/resources/news/20230829_restrictive_housing_study.jsp

Updating and increasing the coverage of security cameras in BOP institution is an essential element of its efforts to prevent misconduct. The OIG has identified recommendations relating to cameras and facilities issues as a priority, and BOP has taken these recommendations seriously by charting a clear course for solving the identified problems. BOP has updated its comprehensive Strategic Plan for transitioning to a fully digital security camera system to include an estimated timeline to complete the work. BOP is actively expanding the number of cameras in critical areas, which recently included filling an urgent need for an additional 150 cameras at one female facility with previously insufficient coverage. BOP is prioritizing an ongoing review to assess coverage of these systems throughout BOP to eliminate “blind spots” at each institution and identify the number of additional cameras needed to address them.

BOP will continue to use the approximately \$16 million in funding provided by Congress for ongoing repair and maintenance requirements for the camera upgrades. This activity is expected to occur yearly, subject to appropriations by Congress. After completing the camera upgrades, the base funding will be used to update cameras relying on older technology and upgrade each facility’s Video Management System (VMS).

Lastly, BOP plans to allocate approximately \$35 million for cameras using fiber optic cabling in facilities where this cabling is already installed, and for the installation fiber optic cabling in facilities where it is not yet installed to allow for upgraded cameras. BOP estimates that over the next three years it will need approximately \$125 million to complete the digital camera installations.

Implementing the First Step Act. The First Step Act (FSA) Annual Report issued in [April 2023](#)² includes information responsive to the requirements of Section 3634, which requires a risk and needs assessment system that supports ongoing efforts towards implementing policies required under the FSA. For example, consistent with the FSA’s emphasis on transitioning individuals to a community setting, the Department expanded the use of home confinement for individuals who do not pose a danger to the community. BOP also successfully published its [First Step Act Time Credits Policy](#)³ along with two substantive updates in FY 2023. In addition, the BOP issued 14 policy documents in FY 2023. For example, BOP issued a policy instructing employees on procedures for reporting allegations of employee misconduct and for conducting investigations of allegations, as well as a policy on the Bureau’s employee assistance program.

The Department also notes that OIG in November 2022 closed its Management Advisory Memorandum (MAM) recommendation regarding policy issues impacting BOP’s implementation of the FSA. In its closure memorandum, OIG noted BOP’s prioritization of all policies pending negotiation with the national union, including those related to the FSA, and BOP’s successful reduction of the backlog of policies pending negotiations.

III. Promoting and Safeguarding National Security

The Department is committed to investigating, prosecuting, and otherwise disrupting threats to America’s national and economic security. These threats include not just espionage efforts, but also foreign influence operations, economic espionage, and critical infrastructure attacks. Defending American institutions and values against these threats is a national security imperative and a priority for the Department. The Department continues to work with international partners and other federal law enforcement to address these threats.

² <https://www.ojp.gov/first-step-act-annual-report-april-2023>

³ https://www.bop.gov/policy/progstat/5410.01_cn2.pdf

Countering nation-state threats. With respect to nation-state threats, the governments of the People’s Republic of China (PRC), Russia, Iran, and North Korea are becoming more aggressive and more capable in their malign activity than ever before. Last year, the Department announced its broader strategy for countering nation-state threats. That strategy focuses on the areas where the Department’s authorities can have the most impact in combating the greatest threats to our national security, including those in the context of transnational repression, foreign malign influence, cyber, espionage, and theft of technology and intellectual property. For example, in July 2023, the Department announced that a Russian citizen with alleged ties to Russia’s Federal Security Service was arrested in Estonia and extradited to the United States to face charges for his involvement in a conspiracy to illegally obtain and provide sensitive, American-made electronics and ammunition in furtherance of Russia’s war efforts and weapons development.

The Department continues to address the threats posed by the PRC government and its agents—not the Chinese people or those of Chinese descent, who are often the victims of these crimes. In June 2023, three defendants were convicted on charges of stalking Chinese nationals in the United States and acting as illegal agents of the People’s Republic of China as part of a global and extralegal repatriation effort known as “Operation Fox Hunt.” In April 2023, the Department arrested two defendants in New York on charges of operating an illegal overseas police station in the United States on behalf of the Chinese government.

In addition, the Department is continuing to take actions in response to Russia’s unprovoked continued invasion of Ukraine. As noted in last year’s Management Response, on March 2, 2022, the Department [launched](#)⁴ Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export controls, and economic countermeasures that the United States, along with its foreign allies and partners, has imposed in response to Russia’s unprovoked military invasion of Ukraine. It was designed to help deploy U.S. prosecutorial and law enforcement resources to identify sanctions evasion and related criminal conduct. The Task Force continues to leverage all of the Department’s tools and authorities to combat efforts to evade or undermine the collective actions taken by the U.S. government in response to Russian military aggression. Task Force KleptoCapture has seized over \$500M in assets in recent [cases](#)⁵, including having:

- Filed a civil forfeiture complaint against the luxury superyacht *Amadea*, reportedly worth more than \$300 million and tied to sanctioned Russian oligarch Sulieman Kerimov;
- Obtained full forfeiture of \$5.4 million owned by sanctioned Russian oligarch Konstantin Malofeyev and, using newly enacted authority, transferred the forfeited funds to the State Department to support Ukraine in remediating the harms of Russian aggression;
- Obtained a guilty plea from a U.S. lawyer who participated in a scheme to make approximately \$3.8 million in U.S. dollar payments to maintain six real properties in the U.S. that were owned by Viktor Vekselberg; and
- Indicted and arrested the president of a U.S.-based company and a co-conspirator for allegedly engaging in \$150 million in sanctioned transactions for the benefit of a designated Russian oligarch (Sergey Kurchenko). Both defendants subsequently pleaded guilty.

⁴ <https://www.justice.gov/opa/pr/attorney-general-merrick-b-garland-announces-launch-task-force-kleptocapture>

⁵ <https://www.justice.gov/opa/pr/task-force-kleptocapture-unseals-two-cases-charging-evasion-russian-economic-countermeasures>

Protecting advanced and emerging technologies. In addition, earlier this year, the Department announced the creation of the Disruptive Technology Strike Force, an interagency team led jointly by the NSD and the Commerce Department’s Bureau of Industry and Security that includes federal prosecutors in U.S. Attorneys’ Offices around the country, as well as agents from the FBI, Commerce Department, and Homeland Security Investigations at Department of Homeland Security (DHS). These prosecutors and agents investigate and prosecute companies and individuals who violate U.S. laws governing transfer of technology and combine those efforts with administrative enforcement actions and private sector partnership. Since the Strike Force was stood up in February 2023, it has announced 11 cases, a selection of which illustrates the breadth of the Department’s work in this field:

- Four cases target procurement networks that were allegedly created to help support Russia’s war effort, including by supplying its military and intelligence services. The technology Russia has sought to acquire includes things like microelectronics, sophisticated military testing equipment, and quantum cryptography, and, in multiple cases, Russia has illegally funneled the technology through transshipment points in places like Hong Kong and Cyprus.
- In one case, the Department charged a Chinese national for violating U.S. sanctions laws by attempting to sell to Iran materials used to produce weapons of mass destruction. The defendant tried to arrange the sale using two Chinese companies that the U.S. government has sanctioned for supporting Iran’s ballistic missile program.
- Another case charged a Russian-Tajikistan dual national living in New York for conspiring with two Russian nationals who live in Canada to send millions of dollars’ worth of electronic components to entities in the Russian technology and defense sectors.
- Two other charged cases involve former software engineers who allegedly stole software and hardware source code from U.S. technology companies in order to market it to Chinese competitors. The stolen information includes trade secrets used by the U.S. companies to develop cutting-edge AI technology, including self-driving cars and advanced technology used to manufacture parts for nuclear submarines and military aircraft.

IV. Cybersecurity and Emerging Technology

Managing cyber-related threats and emerging technologies presents an evolving and difficult challenge. In recent years, malicious cybercrime—from both nation-states and cybercriminals—has posed an increasing and constantly evolving threat. The Department has taken a comprehensive approach to cybersecurity.

As noted in last year’s Management Response, in July 2022, the Department released its Comprehensive Cyber Review report. The Comprehensive Cyber Review made a series of Department-wide recommendations, many of which the Department has now adopted or is in the process of implementing. Among its recommendations, the Review [recommended](#)⁶: (1) the creation of the National Cryptocurrency Enforcement Team (NCET) within the Department’s Criminal Division to focus on combating illicit uses of cryptocurrency; (2) the launch of the Civil Cyber-Fraud Initiative (CCFI) by the Department’s Civil Division, which leverages authorities under the False Claims Act to pursue civil actions against government grantees and contractors who fail to meet cybersecurity obligations; and (3) the development of a new Cyber Fellowship within the Department, designed to foster a new generation of prosecutors and attorneys equipped to handle emerging cybercrime and cyber-based national security threats.

⁶ <https://www.justice.gov/dag/page/file/1520341/download>

Moreover, the Department has adopted a new approach to cyber-based investigations that prioritizes disruption of persistent cyber threats alongside traditional criminal charges and arrests. Examples of disruptive actions taken by the Department include: (1) seizures and searches of domains, command-and-control (C2) servers, and other infrastructure owned or operated by criminals; (2) use of court-authorized orders to remove or disrupt malicious software so as to prevent additional attacks and harm to victims; and (3) freezing, seizing, and forfeiting property, including cryptocurrency, derived from or involved in criminal activity.

In just one example of the approach the Department is taking to disrupt cyber threats, in January 2023, an international ransomware network responsible for extorting and attempting to extort hundreds of millions of dollars from victims in the United States and around the world was dismantled. Known as the “Hive” ransomware group, this network targeted more than 1,500 victims since June 2021 and targeted critical infrastructure and some of our nation’s most important industries. Before seizing two back-end computer servers used by the Hive network earlier this year, the FBI provided decryption keys to over 300 victims around the world who were actively under attack, helping to prevent approximately \$130 million in ransom payments.

To continue to meet the threat posed by state-sponsored cyber actors, the Department’s NSD created a new National Security Cyber Section. In line with the Department’s greater emphasis on disruption efforts, the National Security Cyber Section is prioritizing efforts beyond arrests and prosecutions to include disruptive actions earlier in our investigations against the individual actors and key nodes in the cybercrime ecosystem that enable those individuals. In addition to being a response to the Department’s Comprehensive Cyber Review, the new section is an integral part of the Implementation Plan for the President’s National Cybersecurity Strategy.

The Department has also continued to take steps to enhance its own cybersecurity. In response to the data security breach in February 2023, the United States Marshals Service (USMS) remediated the immediate risk exposed by the incident by retiring the compromised system and then reconstituted capabilities by enhancing existing USMS systems and by implementing new USMS systems that employed best practices and the Department’s Zero Trust cybersecurity tools. The USMS coordinated with the Department’s Office of the Chief Information Officer to ensure transparency of planned and implemented IT security measures. In addition, the USMS ensured the new systems were entered in the Cyber Security Assessment and Management application and prepared Initial Privacy Assessments for review and approval by the USMS Senior Component Official for Privacy and the Office of Privacy and Civil Liberties. In light of this incident, the Deputy Attorney General led a Department-wide review of component information technology systems to ensure appropriate cybersecurity was in place and to correct issues before any vulnerability could be exploited.

V. Pursuing the U.S. Department of Justice’s Law Enforcement Mission While Protecting Civil Rights and Civil Liberties

In all its efforts, the Department is guided by its commitment to protecting civil rights and civil liberties. This is reflected in the Department’s Strategic Plan, which reiterates the Department’s commitment “to a whole-of-Department approach to protecting civil rights and reducing barriers to equal justice and equal enjoyment of the rights, privileges, and immunities established by the Constitution and laws of the United States.”

Building trust in law enforcement. The Department is committed to working with its partners in communities and police departments across the country to advance the accountability, transparency, and public trust that are essential to public safety. Pursuant to Executive Order 14074, *Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety*, the Department is working to establish a National Law Enforcement Accountability Database, a centralized repository of information

documenting instances of federal law enforcement officer misconduct. The Department is also assisting the International Association of Directors of Law Enforcement Standards and Training (IADLEST) with expanding and upgrading its existing National Decertification Index (NDI), which is a national registry of certificate or license revocation actions relating to state and local officer misconduct.

In [May](#)⁷, the Department, led by the Community Oriented Policing Services (COPS) Office, finalized the first-of-its-kind accreditation standards to help further encourage state, local, Tribal, and territorial law enforcement agencies to adopt policies consistent with those highlighted in the Executive Order. The Department also released a Strategic Plan for supporting the goals of the Federal Interagency Alternatives and Reentry Committee, which was established by the Executive Order. The goals include safely reducing criminal justice system interactions, supporting rehabilitation during incarceration, and facilitating reentry for individuals with criminal records.

In addition, each year, the Department provides billions of dollars in federal financial assistance and requires recipients of this funding to comply with Title VI of the Civil Rights Act of 1964 and the nondiscrimination provisions of the Omnibus Crime Control and Safe Streets Act. The effective implementation and administrative enforcement of federal civil rights laws is of vital importance to the Department. The Office of Justice Program (OJP)'s Office for Civil Rights (OCR) is responsible for ensuring that funding recipients from all Department grantmaking offices comply with these federal laws that prohibit them from discriminating against individuals or groups of individuals in employment or the delivery of services or benefits because of race, color, national origin, sex, religion, or disability. OJP's OCR has taken several steps to enhance its internal processes and expand the office's capacity. Additionally, OCR has worked to increase the public's awareness of how and where to file civil rights complaints and how to access informational resources and other tools. Of note, in June 2023, OCR launched a redesigned website that gives the public online access to file civil rights complaints with the Department's Civil Rights Division (CRT) through a centralized portal. In addition, OCR and CRT established a Memorandum of Understanding (MOU) to ensure strategic coordination and information sharing.

Combating violent crime. As the OIG report notes, combating violent crime is a longstanding and significant priority for the Department. In May 2021, the Attorney General announced the Comprehensive Strategy for Reducing Violent Crime, which focused on data-driven approaches to preventing, detecting, and prosecuting violent crime and on areas in which federal law enforcement agencies and resources can act as force-multipliers for state and local partners. In the 30 months since that strategy was adopted, the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Drug Enforcement Administration (DEA), and USMS have all undertaken geographically targeted enforcement initiatives designed to surge resources to communities at the greatest risk of gun violence, organized crime, and gang activity.

In addition, focused prosecutorial initiatives by the Criminal Division and the U.S. Attorneys' Offices—such as the Houston Violent Crime Initiative—are using all available federal statutory tools, including the Racketeer-Influenced and Corrupt Organizations Act, to convert those enforcement actions into criminal judgments. And the Department's sharing of federal resources—such as community policing grants and access to crime-gun intelligence—has built up capacity among state and local law enforcement partners and resiliency within the communities they serve.

Tackling the opioid epidemic, including fentanyl. As noted in the OIG report, according to the Centers for Disease Control and Prevention, there were approximately 110,000 fatal overdoses in 2022, and fentanyl is the leading cause of death for Americans between the ages of 18 and 45. These deaths are tragic, and the Department has been tackling the opioid epidemic along a number of fronts. This effort includes

⁷ https://cops.usdoj.gov/Public_Trust_and_Safety_EO

marshalling and coordinating resources both within the Department and with other federal agencies, state, Tribal, and local law enforcement partners, and foreign governments. The Department's components—notably the DEA, the FBI, the Criminal Division, the Civil Division's Consumer Protection Branch, and U.S. Attorneys' Offices—target every aspect of the fentanyl supply chain, from the chemical companies manufacturing fentanyl precursors to the network of illicit labs producing the deadly drug to the traffickers smuggling it and then peddling it to unsuspecting consumers and finally to the sophisticated money-launderers who enable it all.

Through its One Pill Can Kill campaign, the DEA also is working to alert the American public of the dangers of fake prescription pills. Already in 2023, the DEA has seized a record 62 million fentanyl pills, which already exceeds last year's total of 58 million pills.

As the Attorney General recently stated when announcing eight indictments relating to fentanyl trafficking against China-based chemical manufacturing companies and employees, fentanyl is the deadliest drug threat the United States has ever faced. The Department's agents and prosecutors are working every day to get fentanyl out of our communities and bring to justice those who put it there.

Protecting vulnerable communities from abuse and exploitation. The Department takes seriously its obligation and its commitment to protecting the most vulnerable among us, including children. To provide clearer guidance on when FBI personnel must alert law enforcement of suspected abuse, the FBI revised the Domestic Investigations and Operations Guide (DIOG). These efforts were in response to a series of OIG priority recommendations that identified gaps in the way the FBI coordinated with state and local authorities on allegations of crimes against children. The revisions clarify that all FBI personnel have a mandatory obligation to report suspected abuse of children, the elderly, and other vulnerable individuals, and sets forth specific documentation and process requirements for personnel to follow to ensure proper notifications are made.

The Department's FY 2024 budget request also includes \$5.1 million and 14 positions (11 agents) for the FBI's Combating Crimes Against Children program that are specifically intended to respond to OIG's findings. The FBI plans to develop a Crimes Against Children Unit (CACU) for East (E) and West (W) regions of the United States to be housed at FBI headquarters, to enhance Resiliency and Safeguarding Resources, and to increase the Child Exploitation Operational Unit's (CEOU) Special Agent staffing. Developing the program management and training structure will better enable the FBI to follow OIG's recommendations. The creation of the headquarters regional program management units will afford the FBI the ability to provide more resources to the field and have more visibility and control of active investigations.

VI. Improving the Management and Oversight of U.S. Department of Justice Contracts and Grants

The Department awards billions of dollars in grants each year and is committed to ensuring these awards are managed effectively. The Department is working to address the challenges to proper contract and grant management identified in the OIG report. The Department's grantmaking components view their fiduciary responsibility to effectively administer grants as a top priority. All three grantmaking components work to continuously improve and strengthen their policies and procedures, risk management strategies, and oversight and monitoring efforts. The Department fulfills its grant oversight duties through direct communication with grantees, the review of progress and financial reports, programmatic and financial monitoring, grantee audit resolution, training and technical assistance, and targeted support to higher risk grantees.

Ensuring the effective and proper distribution of grants. OJP continues to take steps to ensure proper administration and oversight of its contracts. In its report, the OIG notes that the Department continues to face the challenge of effectively managing its grant portfolio, which is complicated by the need to prevent and detect fraudulent activity. To address this challenge, OJP conducts pre- and post-award risk assessments designed to identify and mitigate risk of errors, fraud, waste, and abuse. The risk assessment process allows OJP to: (1) review the potential risk presented by applicants; and (2) select which grantees receive in-depth monitoring based on level of risk to federal dollars. In addition, OJP continues to conduct financial and programmatic monitoring of all its state administering agencies on a risk-informed four-year rotation.

With advancements in its data analytic capabilities, OJP has access to real time performance metrics at the grant, grantee, and program level, which allows for more effective oversight to inform training and technical assistance efforts for internal staff and/or funding recipients. This includes providing guidance and clarification to internal staff on monitoring grant recipients' compliance with subrecipient management and validating performance data to source documentation.

OJP also carried out a robust solicitation process for the procurement of JustGrants contract support consistent with the Federal Acquisition Regulation procurement policies and procedures in awarding the Blanket Purchase Agreement. Currently, JustGrants is operational and functioning and supports over 46,000 users, managing over 22,600 grants totaling \$27.5 billion. Since the launch of JustGrants, the Department's grantmaking components have awarded 16,547 grants totaling over \$15 billion. Over the last three years, OJP's Office of the Chief Information Officer, in partnership with the OJP program and business offices, the COPS Office, and the Office for Violence Against Women (OWV), has worked to identify, triage, and address the most urgent functional gaps and make overall program and system improvements. Using key performance data and feedback from users, OJP is continuously assessing and enhancing the JustGrants system functionality and usability, the effectiveness of training resources, and responsiveness of system support services.

Strengthening the Crime Victims Fund. Regarding management of the Crime Victims Fund (CVF), OJP takes seriously its responsibility to ensure fiscal accountability for all recipients. OJP's Office for Victims of Crime (OVC) provides annual grants to eligible state victim compensation programs and, through the CVF, reimburses states 75% of what they award to victims of crime. OVC has taken numerous steps over the last several years to address the risks associated with the size of the CVF, such as prioritizing in-depth monitoring of these awards; reviewing risk-indicator reports to proactively identify and resolve potential issues; and assessing adequacy of subrecipient monitoring policies, procedures, and practices of all CVF grantees. Of the over \$4 billion that the OIG has audited since FY 2015, 0.3% has resulted in questioned costs.

VII. Effectively Managing Human Capital

The Department recognizes that it can only accomplish its mission of upholding the rule of law, keeping our country safe, and protecting civil rights if it has a dedicated, high-skilled, and diverse workforce. The [Department's EEO Strategic Framework for 2023-2026](#)⁸ was recently approved by the Acting Assistant Attorney General for Administration and the Department EEO Officer, with a commitment to four major goals that will: (1) ensure compliance with regulatory mandates of a model EEO program; (2) educate and engage the workforce; (3) cultivate and retain a highly qualified and diverse workforce; and (4) leverage data and technological innovation. The Department continues to work towards meeting these goals.

The Department's Diversity and Inclusion Dialogue Program was launched in 2014 as a pilot program, and in 2021, it expanded to include the participation of employees in Department field offices located across the United States. Since its inception, 917 employees from 26 components have successfully completed the

⁸ <https://www.justice.gov/jmd/page/file/1597376/download>

program. The Department's [Special Emphasis Programs](#)⁹ continue to analyze workforce data, identify potential barriers to employment, and develop and implement strategies to eliminate barriers, including employment outreach, training, and professional development activities. As the OIG report notes, the Department's periodic plans and reports show that it aims to meet the challenge of increasing diversity, equity, inclusion, and accessibility within its ranks.

In September 2023, the Deputy Attorney General announced the findings of the Sexual Harassment Steering Committee that she empaneled to review the Department's sexual misconduct policies and evaluate whether they serve the needs of the Department's workforce. The Steering Committee gathered and assessed relevant policies across the Department, held discussions with internal and external experts, examined best practices and efforts undertaken in other agencies and in the private sector, reviewed results of focus groups and a survey designed by the Steering Committee, and examined data on sexual misconduct from the Department, the EEOC, and the U.S. Merit Systems Protection Board. The Steering Committee also consulted with the OIG, as well as with law enforcement and other large components about their reporting and investigation practices, tracking processes, victim services resources, discipline systems, and training programs.

The Steering Committee offered 11 recommendations to improve the Department's handling of sexual misconduct allegations, understanding that the Department's efforts to fully assess and address sexual misconduct must be ongoing, and the Deputy Attorney General accepted these recommendations and immediately began to implement them. The Deputy Attorney General directed the creation of a Sexual Misconduct Response Unit (SMRU) and hired its Director. Among other responsibilities, the SMRU will serve as a centralized unit responsible for developing, managing, and executing a comprehensive sexual misconduct policy applicable across the entire Department. In addition to being a resource for receiving sexual misconduct complaints, the SMRU will monitor component-led investigations (other than those conducted by the OIG) and disciplinary actions in sexual misconduct matters to ensure they are unbiased, fair, and effective, and will have the authority to conduct its own investigations in certain circumstances. To enhance transparency, the SMRU will gather information about investigations and discipline and submit a semi-annual report to Department leadership.

* * *

The Department appreciates OIG's work in helping to improve our transparency, productivity, and effectiveness. Components across the Department are addressing the numerous findings, conclusions, and recommendations contained in the specific reports and audits that the OIG report discusses. The Department looks forward to continuing its cooperative relationship with the Inspector General on those matters and on future audits, investigations, and reviews.

⁹ <https://www.justice.gov/jmd/affirmative-employment-special-emphasis-programs>

Payment Integrity Information Act Reporting

The *Payment Integrity Information Act of 2019* requires agencies to annually report certain information on improper payments in their Agency Financial Report (AFR), such as actions taken to address recovery auditor recommendations. In recent years, OMB has been collecting improper payments data not required to be reported in the AFR, such as data on recovery activities, fraud, and risk assessment, through an annual data call and publishing the data on *PaymentAccuracy.gov*. The Department's FY 2023 data can be found on [DOJ Payment Integrity](#).¹

¹ <https://paymentaccuracy.gov>

Civil Monetary Penalty Adjustment for Inflation

As required by the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015*, the Department presents the most recent information available as of FY 2023.

Bureau of Alcohol, Tobacco, Firearms, and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 922(i)(5)	Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b)	1993	2023	\$10,226	Alcohol Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 924(p)	Child Safety Lock Act, PL 109-92, sec. 5(c)(2)(B) Secure gun storage or safety device, violation	2005	2023	\$3,740	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Civil Division

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
12 U.S.C. 1833a(b)(1)	Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation	1989	2023	\$2,372,677	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2023	\$2,372,677	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2023	\$11,863,393	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act Fraudulent Claim for Assistance	1968	2023	\$6,891	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
31 U.S.C. 3729(a)	False Claims Act Violations	1986	2023	Min. \$13,508, Max \$27,018	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act Violations Involving False Claim (per claim)	1986	2023	\$13,508	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act Violation Involving False Statement (per statement)	1986	2023	\$13,508	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
40 U.S.C. 123(a)(1)(A)	Federal Property and Administrative Services Act Violation Involving Surplus Government Property	1949	2023	\$6,891	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act Violation Involving Kickbacks (per occurrence)	1986	2023	\$27,018	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 2723(b)	Driver's Privacy Protection Act of 1994; Prohibition on release and use of certain personal information from state motor vehicle records	1994	2023	\$9,966	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 216(b)	Ethics Reform Act of 1989 Penalties for Conflict of Interest Crimes	1989	2023	\$118,635	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
41 U.S.C. 2105(b)(1)	Office of Federal Procurement Policy Act Violation by an organization	1988	2023	\$123,965	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Civil Division (continued)

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
41 U.S.C. 2105(b)(2)	Office of Federal Procurement Policy Act Violation by an organization	1988	2023	\$1,239,642	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
42 U.S.C. 5157(d)	Disaster Relief Act Violation	1974	2023	\$15,662	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order	1994	2023	\$19,872	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order	1994	2023	\$29,899	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order	1994	2023	\$29,899	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, subsequent order	1994	2023	\$49,834	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
42 U.S.C. 3614(d)(1)(C)(i)	Fair Housing Act of 1968, as amended in 1988. PL 100-430 First violation	1988	2023	\$123,965	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968, as amended in 1988; PL 100-430 Subsequent violation	1988	2023	\$247,929	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
42 U.S.C. 12188(b)(C)(i)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, first order	1990	2023	\$111,614	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
42 U.S.C. 12188(b)(C)(ii)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, subsequent order	1990	2023	\$223,229	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
50 U.S.C. App. 597(b)(3)	Service members Civil Relief Act First violation	2010	2023	\$74,941	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
50 U.S.C. App. 597(b)(3)	Service members Civil Relief Act Subsequent violation	2010	2023	\$149,883	Civil Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Criminal Division

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 983(h)H1	Civil Asset Forfeiture Reform Act of 2000; PL 106-105 Frivolous Assertion of Claim	2000	2023	Min. \$428 Max. \$7,948	Criminal Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H	1986	2023	\$27,018	Criminal Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Drug Enforcement Administration

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
21 U.S.C. 844a(a)	Anti-Drug Abuse Act of 1988 Possession of small amounts of controlled substances	1988	2023	\$24,793	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 961(1)	Controlled Substance Import Export Act Drug abuse, import or export	1970	2023	\$86,142	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act, PL 90-513 Violations of 842(a) - other than (5), (10), (16), and (17) - Prohibited acts re: controlled substances (per violation)	1970	2023	\$78,312	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(1)(B)(i)	Controlled Substances Act, PL 90-513 Violations of 842(a)(5), (10), and (17) - Prohibited acts re: controlled substances	1998	2023	\$18,170	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(1)(B)(ii)	Support for Patients and Communities Act, PL 115-211 Violations of 842(b)(ii) - Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by	2018	2023	\$117,845	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(1)(C)	Controlled Substances Act, PL 90-513 Violation of 825(e) by importer, exporter, manufacturer, or distributor - False labeling of anabolic steroids; PL 113-260	2014	2023	\$627,568	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(1)(D)	Controlled Substances Act, PL 90-513 Violation of 825(e) at the retail level - False labeling of anabolic steroids; PL 113-260	2014	2023	\$1,255	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(2)(C)	Controlled Substances Act, PL 90-513 Violation of 842(a)(11) by a business - Distribution of laboratory supply with reckless disregard; PL 104-237	1996	2023	\$470,640	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 842(c)(2)(D)	Support for Patients and Communities Act, PL 115-211 Violations of 842(a)(5), (10) and (17) by a registered manufacturer or distributor of opioids. Failures re: opioids to report suspicious orders; maintain effective controls; review most recent information provided by Atty Gen.	2018	2023	\$589,222	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003 Maintaining drug-involved premises; PL 108-21	2003	2023	\$433,982	Drug Enforcement Administration	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Executive Office for Immigration Review

Immigration Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
8 U.S.C. 1324a(e)(4)(A)(i)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, first order	1986	2023	Min. \$676, Max. \$5,404	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324a(e)(4)(A)(ii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, second order	1986	2023	Min. \$5,404, Max. \$13,508	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324a(e)(4)(A)(iii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, subsequent order	1986	2023	Min. \$8,106, Max. 27,018	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324a(e)(5)	Immigration Reform and Control Act of 1986 Paperwork violation	1986	2023	Min. \$272, Max. \$2,701	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324a (note)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii) Failure to notify DHS of employee's employment eligibility	1996	2023	Min. \$942, Max. \$1,881	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324a(g)(2)	Immigration Reform and Control Act of 1986; PL 99-603 Violation/prohibition of indemnity bonds	1986	2023	\$2,701	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324b(g)(2)(B)(iv) (I)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, first order	1990	2023	Min. \$557, Max. \$4,465	Civil Rights Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324b(g)(2)(B)(iv) (II)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, second order	1990	2023	Min. \$4,465, Max. \$11,162	Civil Rights Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324b(g)(2)(B)(iv) (III)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices	1990	2023	Min. \$6,696, Max. \$22,324	Civil Rights Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324b(g)(2)(B)(iv) (IV)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, document abuse	1990	2023	Min. \$223, Max. \$2,232	Civil Rights Division	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, first order -- for violations described in USC 1324c(a)(1)-(4)	1990	2023	Min. \$557, Max. \$4,465	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, subsequent order -- for violations described in USC 1324c(a)(1)-(4)	1990	2023	Min. \$4,465, Max. \$11,162	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, first order -- for violations described in USC 1324c(a)(5)-(6)	1996	2023	Min. \$472, Max. \$3,765	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, subsequent order -- for violations described in USC 1324c(a)(5)-(6)	1996	2023	Min. \$3,765, Max. \$9,413	Executive Office for Immigration Review	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Federal Bureau of Investigation

Immigration Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
49 U.S.C. 30505(a)	National Vehicle Title Identification System; PL 103-272(1)(e)	1994	2023	\$1,993	Federal Bureau of Investigation	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Office of Justice Programs

Immigration Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
34 U.S.C 10231(d)	Omnibus Crime State and Local CHRI Systems - Right to Privacy Violation and Safe Streets Act State and Local CHRI Systems - Right to Privacy Violation	1979	2023	\$34,457	Office of Justice Programs	Federal Register / Vol. 88, No. 19 /Monday, January 30, 2023 / Rules and Regulations

Grants Programs

To promote the efficient administration of grants programs, *OMB A-136* requires agencies with Federal grants programs to submit a high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards), including: 1) disclosure of the number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by 2 years or more prior to September 30, 2023; and 2) a brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported.

Three DOJ grant-making components report information under this guidance: Office of Justice Programs (OJP), Office of Community Oriented Policing Services (COPS), and Office on Violence Against Women (OVW).

- The table below summarizes the total number of grant and cooperative agreement awards and balances as of September 30, 2023 for which closeout has not yet occurred but for which the period of performance has elapsed by two years or more. (i.e., on or before September 30, 2021).

Age and Balances for Expired Awards not Closed
For the Fiscal Year Ended September 30, 2023 (Dollars in Thousands)

DOJ Component	Category	Period of Performance has Expired as of September 30, 2023		
		Closeout Lapse of 2-3 Years FYs 2020-2021	Closeout Lapse of 3-5 Years FYs 2019-2020	Closeout Lapse of More than 5 Years Before 2018
OJP	Number of Grants/Cooperative Agreements with Zero Dollar Balances	12	—	—
	Number of Grants/Cooperative Agreements with Undisbursed Balances	212	19	—
	OJP Total Amount of Undisbursed Balances	\$16,225	\$1,403	\$603
COPS	Number of Grants/Cooperative Agreements with Zero Dollar Balances	8	—	—
	Number of Grants/Cooperative Agreements with Undisbursed Balances	39	2	—
	COPS Total Amount of Undisbursed Balances	\$4,719	\$25	\$—
OVW	Number of Grants/Cooperative Agreements with Zero Dollar Balances	109	11	5
	Number of Grants/Cooperative Agreements with Undisbursed Balances	302	46	18
	OVW Total Amount of Undisbursed Balances	\$25,261	\$3,752	\$2,927
DOJ Total Amount of Undisbursed Balances		\$46,205	\$5,180	\$3,530

- Closeout Challenges

OJP made significant progress of the past year closing more than half of the awards reported on the prior year's report and partially deobligating undisbursed funds for awards with a final Federal Financial Report. OJP continues to face challenges closing awards that are under review. OJP will continue to review expired awards and conduct outreach with grantees and program offices to close awards.

COPS has made significant progress of closeouts in FY 2023, closing 401 awards. Additionally, since last year's report, the COPS Office has resolved closeouts for 10 awards. Consistent with last year's submission regarding technical difficulties (internal/external) in the new grant management systems, a significant increase is reflected in the 2–3-year category. The COPS office continues to prioritize closeouts to include resolving financial reconciliation and compliance issues by implementing a process for bi-monthly reviews beginning in February 2024 for closeouts which lapsed by two years or more.

With the addition of new staff, OVW made significant progress by increasing the number of awards closed during FY 2023 (534 awards closed) over the previous fiscal year (66 awards closed). While progress has been made to resolve technical system issues, some issues persist, and new issues develop which delays processing of closeouts in a timely manner. Due to system challenges with making supplemental awards, OVW has issued awards with new award numbers which resulted in the significant increase in awards in the 2–3-year category. Also, OVW continues to work through issues with closeouts on hold due to unresolved monitoring reviews. For FY 2024, OVW plans to continue reviewing monthly closeout reports to prioritize closing the oldest awards and awards with undisbursed/unobligated balances.

Undisbursed Balances in Expired Grant Awards

Section 524 of Division B-Commerce, Justice, Science, and Related Agencies Appropriations Act, 2023, of the Consolidated Appropriations Act, 2023 (Public Law 117-328) requires certain departments, agencies, and instrumentalities of the United States Government receiving appropriations under *the Act* to track undisbursed balances in expired grant accounts for FY 2023. At DOJ, grantees typically have 120 days after the grant expires to complete final drawdowns and expenditures. The data reported are based on the following definitions:

- An expired grant is a grant award that has reached the grant end date and is eligible for closeout. For DOJ, this means grants with an expired period of performance, and closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2023 (i.e., on or before September 30, 2021).
- Undisbursed balances in expired grant accounts include budget authority that is no longer available for new obligations but is still available for disbursement. According to *Section 20.4(c) of OMB A-11, Preparation, Submission, and Execution of the Budget*, the expired phase "lasts five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, one may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements."

For FY 2023, the below information is required to be reported in the Agency Annual Financial Reports with regard to undisbursed balances in expired grant accounts: 1) details on future action the department, agency, or instrumentality will take to resolve undisbursed balances in expired grant accounts; 2) the method that the department, agency, or instrumentality uses to track undisbursed balances in expired grant accounts; 3) identification of undisbursed balances in expired grant accounts that may be returned to the Treasury of the United States; and 4) in the preceding three fiscal years, details on the total number of expired grant accounts with undisbursed balances (on the first day of each fiscal year) for the department, agency, or instrumentality and the total finances that have not been obligated to a specific project remaining in the accounts. The data reported here reflects the amount of undisbursed balances in grant accounts that have reached their end date and are eligible for closeout and is provided in accordance with *Office of Management and Budget M-16-18, Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts*.

The information provided here pertains to the DOJ’s three grant making appropriation accounts: OJP, COPS, and OVW. Their responses are noted below:

1. In the preceding 3 fiscal years, the total number of expired grant awards (period of performance has elapsed by two years or more) with undisbursed balances (on the first day of each fiscal year) and the total finances that have not been obligated to a specific grant or project remaining in the accounts, are as follows (dollars in thousands):

Status of Undisbursed Balances in Expired Grants
For the Fiscal Year Ended September 30, 2023 (Dollars in Thousands)

DOJ Component	Category	FY 2023 (as of 9/30/2023)
OJP	Number of expired grant awards	243
	Undisbursed balances prior to closeout	\$ 18,231
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	\$ 30,127
COPS	Number of expired grant awards	49
	Undisbursed balances prior to closeout	\$ 4,744
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	\$ 2,513
OVW	Number of expired grant awards	491
	Undisbursed balances prior to closeout	\$ 31,940
	Unobligated balances prior to closeout (based on the federal financial report submitted by grantee)	\$ 35,152

FY 2023 is the first year the Department is reporting this information. Previous reports captured expired grants in expired appropriations only. Since the Department did not have any expired grants in expired appropriation accounts, the reports reflected zero in all categories for FYs 2022 and 2021. Beginning in FY 2023, the Department is reporting all expired grants regardless of the type of appropriation. For reporting periods FYs 2022 and 2021, some of the expired grants that were unclosed at that time have subsequently been closed. For that reason, we do not have the data to capture this information.

2. Details on future actions DOJ will be taken to resolve undisbursed balances in expired grant accounts:

OJP will continue to monitor the expired awards with an undisbursed balance, quarterly and conduct outreach with the grantees and program office to close awards and deobligate available funds. In fourth quarter of the fiscal year, OJP will review the undisbursed balances and partially deobligate awards with an undisbursed balance, if the grantee has filed a final Federal Financial Report.

COPS future action to resolve undisbursed balances include increased collaboration of with programmatic and financial teams for bi-monthly reviews of closeouts lapsed two or more years for tangible progress starting February 2024. Additionally, we will continue to enforce compliance and monitoring issues.

For OVW, program and financial staff will continue to work with grant recipients to reconcile award balances, close out expired grants and deobligating undisbursed balances. Further, OVW will provide training to newly hired staff to increase the number of awards closed.

3. The method that DOJ uses to track undisbursed balances in expired grant accounts:

OJP reviews a quarterly report for awards 120 days or more past the award end date to track the undisbursed balances for expired awards. COPS is developing a quarterly financial report to monitor undisbursed balances of expired grants. OVW reviews monthly closeout reports to track undisbursed and unobligated balances in expired grants.

4. Process for identification of undisbursed balances in expired grant accounts that may be returned to the Treasury:

Currently, the three DOJ grant-making components operates with “no year” appropriation funds. For that reason, funds from undisbursed balances are not returned to Treasury. Undisbursed balances are recovered in the program for the same appropriated purpose.

Climate Related Financial Risk

In January 2021, the President signed *Executive Order 14008* requiring major Federal agencies to develop an adaptation plan to address their most significant climate risks and vulnerabilities. These climate adaptation and resilience plans were released in October 2021. The Department’s *2021 Climate Adaptation and Resilience Plan* can be found here: [DOJ Climate Adaptation and Resilience Plan](#).¹

As outlined in *Executive Order 14057*, dated December 2021, major Federal agencies are required to implement the actions identified in their 2021 climate adaptation and resilience plans and provide annual updates on progress made. The Department’s *Climate Adaptation Progress Report* can be found here: [DOJ Climate Adaptation Progress Report](#).²

Additional information related to the Department’s *Sustainability Plan* and the *FY 22 OMB Sustainability Scorecard* can be found here: [DOJ Sustainability Plan](#)³ | [DOJ Scorecard](#).⁴

¹ <https://www.sustainability.gov/pdfs/doj-2021-cap.pdf>

² <https://www.sustainability.gov/pdfs/doj-2022-cap.pdf>

³ <https://www.sustainability.gov/pdfs/doj-2022-sustainability-plan.pdf>

⁴ <https://www.sustainability.gov/doj.html#omb>

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APPENDICES

In This Section:

- 205** (A) Office of Inspector General Analysis and Summary of Actions Necessary to Close the Report
- 207** (B) Acronyms
- 214** (C) Department Component Websites

APPENDIX A

Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The Office of the Inspector General (OIG) provided a draft of the Independent Auditors' Report to the Department of Justice (Department). The Department's response is incorporated in Exhibit I of the Independent Auditors' Report of this final report. In response to the Independent Auditors' Report, the Department concurred with the recommendations and discussed the actions it will implement in response to the finding. As a result, the status of the report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations:

- 1. The Department and BOP continue to recruit and retain individuals with relevant financial management and/or accounting skills, and train existing resources on financial management standards, concepts, policies, and procedures. (Repeat)**

Closed. Management concurred with our recommendation. Because this is a repeat, we are closing this recommendation and tracking the status of corrective action through recommendation No. 1 of the Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2022 (OIG Report No. 23-037).

- 2. The BOP continue to enhance the design and implementation of process level controls to be more specific in how the control should be performed, including standard criteria to consider in the performance of the control and sufficiently document the control so it can be consistently performed. Once controls are fully designed and implemented, the BOP should monitor the operating effectiveness of the controls. (Updated)**

Resolved. Management concurred with this recommendation. Management stated in its response that BOP will continue to review the internal control environments to support design and implementation of an improved internal control system.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management enhanced the design and implementation of process level controls to be more specific in how the control should be performed and sufficiently documented the control so it can be consistently performed.

- 3. The Department design and implement a control for the Department and the components to monitor and evaluate significant changes to operations or financial reporting processes that will identify and respond to financial reporting risks, such as the adoption of new accounting policies and procedures, and implementations and conversions of financially relevant systems. (Repeat)**

Closed. Management concurred with our recommendation. Because this is a repeat, we are closing this recommendation and tracking the status of corrective action through recommendation No. 4 of the Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2022 (OIG Report No. 23-037).

4. **The Department assess reconciliation, financial reporting review, and other monitoring controls to increase the precision with which period end financial reporting is performed, including the identification and investigation of significant variances for all financial statements. (New)**

Resolved. Management concurred with this recommendation. Management stated in its response they will enhance their internal control reviews over month and quarter end component financial reporting and operations to identify and investigate significant variances.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has designed and implemented a control to monitor and evaluate significant variances for period end financial statements.

APPENDIX B

Acronyms

A

ACM	Asbestos Containing Materials
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
AOUSC	Administrative Office of the United States Courts
APP	Annual Performance Plan
APR	Annual Performance Report
ASG	Associate Attorney General
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATJ	Access to Justice
ATR	Antitrust Division

B

BAR	Budget and Accrual Reconciliation
BJA	Bureau of Justice Assistance
BOP	Bureau of Prisons
BPO	Broker's Price Opinion

C

CDC	Centers for Disease Control and Prevention
CFO	Chief Financial Officer
CHRP	COPS Hiring Recovery Program
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
COVID-19	Coronavirus
CPI	Consumer Price Index
CPOT	Consolidated Priority Organization Target
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSCATL	Correctional Systems and Correctional Alternatives for Tribal Lands
CSRS	Civil Service Retirement System
CVF	Crime Victims Fund

D

DAG	Deputy Attorney General
DATA	Digital Accountability and Transparency Act
DCM	OBDs Office of Debt Collection Management
DEA	Drug Enforcement Administration
DEO	Departmental Ethics Office
DHS	Department of Homeland Security
DOJ	Department of Justice
DOL	Department of Labor
DTO	Drug Trafficking Organization

E

ECAS	EOIR Courts and Appeals System
EFT	Electronic Funds Transfer
ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
ERM	Enterprise Risk Management
eROPs	Electronic Records of Proceedings
ESCO	Energy Service Companies
ESPC	Energy Savings Performance Contracts

F

FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standard Board
FBI	Federal Bureau of Investigation
FBWT	Fund Balance with U.S. Treasury
F-CHAT	Facility Climate Hazard Assessment Tool
FCSC	Foreign Claims Settlement Commission
FECA	Federal Employees' Compensation Act
FECA SBF	FECA Special Benefits Fund
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees System
FMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FPI	Federal Prison Industries, Inc.
FR	Financial Report
FRL	Fire Research Laboratory
FSA	First Step Act
FTAP	Firearms Technical Assistance Project
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GAN	Grant Adjustment Notice
GMRA	Government Management Reform Act
GPPFR	General Purpose Federal Financial Reports
GPP&E	General Property, Plant & Equipment
GPRA	Government Performance and Results Act
GPRAMA	GPRA Modernization Act of 2010
GPRS	Grant Payment Request System
GSA	General Services Administration
GTAS	Governmentwide Treasury Account Symbol

H

HHS Department of Health and Human Services

I

ICOR Immigration Court Online Resources
IG Inspector General
INTERPOL International Criminal Police Organization
IPERA Improper Payments Elimination and Recovery Act of 2010
IPERIA Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA Improper Payments Information Act of 2002
IPOL INTERPOL Washington
IUS Internal Use Software

J

JIST Justice Information Sharing Technology
JMD Justice Management Division

K

KG Kilogram
KPI Key Performance Indicators

L

LCM Lower of average cost or market value
LEP Limited English Proficiency
LVNRV Lower Cost or Net Realizable Value

M

MCO Mission Critical Operation
MD&A Management's Discussion and Analysis
MP Major Program

N

N/A	Not Applicable
NADA	National Automobile Dealers Association
NFEA	National Firearms Examiner Academy
NIBIN	National Integrated Ballistic Information Network
NIJ	National Institute for Justice
NSD	National Security Division

O

OBDs	Offices, Boards and Divisions
OCDETF	Organized Crime Drug Enforcement Task Forces
OCIO	Office of the Chief Information Officer
OGC	Office of General Council
OIG	Office of the Inspector General
OIP	Office of Information Policy
OJP	Office of Justice Programs
OLA	Office of Legislative Affairs
OLC	Office of Legal Counsel
OLP	Office of Legal Policy
OMB	Office of Management and Budget
OPA	Office of the Pardon Attorney
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OSG	Office of the Solicitor General
OTJ	Office of Tribal Justice
OVC	Office of Victims of Crime
OVP	Office of the Vice President
OVW	Office on Violence Against Women

P

PAR	Performance and Accountability Report
PHS	Public Health Services
PIIA	Payment Integrity Information Act of 2019
PPE	Personal Protective Equipment
PRAO	Professional Responsibility Advisory Office
PSOB Act	Public Safety Officers' Benefits Act of 1976
PTO	Priority Threat Organizations
PY	Prior Year/Previous Year
P3	Public-Private Partnerships

R

RCA	Reports Consolidation Act of 2000
RECA	Radiation Exposure Compensation Act
RI/FS	Remedial Investigation/Feasibility Study

S

SADF	Seized Asset Deposit Fund
SAM	System for Award Management
SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCAAP	State Criminal Alien Assistance Program
SFFAS	Statement of Federal Financial Accounting Standards
SMO	Social Media Optimizing
SOR	Strategic Objective Review

T

TAX	Tax Division
TEPP	Threat Enforcement Prioritization Process
TJSIP	Tribal Justice Systems Infrastructure Program
Trust Fund	Federal Prison Commissary Fund
TSP	Thrift Savings Plan

U

UDO	Undelivered Orders
UFMS	Unified Financial Management System
U.S.	United States
USAs	United States Attorneys
USAO	United States Attorneys' Offices
U.S.C.	United States Code
USD	United States Dollars
USERRA	Uniformed Services Employment and Re-employment Act
USMS	United States Marshals Service
UPC	United States Marshals Service
USPC	United States Parole Commission
USSGL	United States Standard General Ledger
UST	Executive Office for United States Trustees
USVSSTF	United States Victims of State Sponsored Terrorism Fund

V

VAWA	Violence Against Women Act
VCF	Victim Compensation Fund

W

WCF	Working Capital Fund
WTC	World Training Center

APPENDIX C

Component	Website
Assets Forfeiture Fund (AFF)	www.justice.gov/afp/fund
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.gov/programs/aiana.htm
Antitrust Division (ATR)	www.justice.gov/atr
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	www.atf.gov/
Bureau of Justice Assistance (OJP)	www.bja.gov/
Bureau of Justice Statistics (OJP)	www.bjs.gov/
Civil Division (CIV)	www.justice.gov/civil/
Civil Rights Division (CRD)	www.justice.gov/crt/
Community Oriented Policing Services (COPS)	https://cops.usdoj.gov/
Community Relations Service (CRS)	www.justice.gov/crs
Criminal Division (CRM)	www.justice.gov/criminal/
Diversion Control Program (DCP)	https://www.deadiversion.usdoj.gov/
Drug Enforcement Administration (DEA)	www.justice.gov/dea/
Environment and Natural Resources Division (ENRD)	www.justice.gov/enrd/
Executive Office for Immigration Review (EOIR)	www.justice.gov/eoir/
Executive Office for U.S. Attorneys (EOUSA)	www.justice.gov/usao/eousa/
Executive Office for U.S. Trustees (EOT)	www.justice.gov/ust/
Federal Bureau of Investigation (FBI)	www.fbi.gov/
Federal Bureau of Prisons (BOP)	www.bop.gov/
Federal Prison Industries (FPI)	www.unicor.gov/
Foreign Claims Settlement Commission of the United States (FCSC)	www.justice.gov/fcsc/
INTERPOL Washington	www.justice.gov/interpol-washington/
Justice Management Division (JMD)	www.justice.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.gov/
National Institute of Corrections (OIC)	www.nicic.gov/
National Institute of Justice (OJP)	https://nij.ojp.gov/
National Security Division (NSD)	www.justice.gov/nsd/
Office of Access to Justice (ATJ)	https://www.justice.gov/atj
Office of Information Policy (OIP)	www.justice.gov/oip/oip.html
Office of Justice Programs (OJP)	www.ojp.gov/
Office of Juvenile Justice and Delinquency Prevention (OJDP)	www.ojjdp.gov/
Office of Legal Counsel (OLC)	www.justice.gov/olc/index.html
Office of Legal Policy (OLP)	www.justice.gov/olp/
Office of Legislative Affairs (OLA)	www.justice.gov/ola/
Office of Professional Responsibility (OPR)	www.justice.gov/opr/index.html
Office of Public Affairs (OPA)	www.justice.gov/opa/index.html
Office of the Associate Attorney General (OAAG)	www.justice.gov/asg/index.html
Office of the Attorney General (OAG)	www.justice.gov/ag/

Component	Website
Office of the Deputy Attorney General	www.justice.gov/dag/
Office of the Inspector General (OIG)	www.justice.gov/oig/
Office of the Pardon Attorney (OPA)	www.justice.gov/pardon/
Office of the Solicitor General (OSG)	www.justice.gov/osg/
Office of Tribal Justice (OTJ)	https://www.justice.gov/otj
Office for Victims of Crime (OJP)	www.ovc.gov/
Office on Violence Against Women (OVW)	www.justice.gov/ovw
Organized Crime Drug Enforcement Task Force (OCDETF)	www.dea.gov/organized-crime-drug-enforcement-task-force-ocdetf
Tax Division (TAX)	www.justice.gov/tax/
U.S. Attorneys (USAO)	www.justice.gov/usao/
U.S. Marshals Service (USMS)	www.justice.gov/marshals/
U.S. Parole Commission (USPC)	www.justice.gov/uspc/

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Thank you for your interest in the Department of Justice FY 2023 Agency Financial Report. We welcome your comments and suggestions on how we can improve this report for FY 2024. Please email any comments to: performance@usdoj.gov

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