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

FY 2018

Agency Financial Report

U.S. Department of Justice

DEPARTMENT OVERVIEW

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     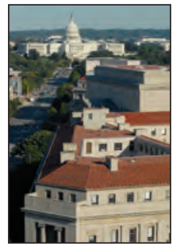  

HISTORY AND ENABLING LEGISLATION

The Department of Justice, often referred to as the largest law office in the world, began in 1789 with a staff of two: the Attorney General and a clerk. The Judiciary Act of 1789 created the Office of the Attorney General, providing for the appointment of "a person, learned in the law, to act as attorney-general for the United States." By 1870, the duties of the Office of the Attorney General had expanded so much that Congress adopted "An Act to establish the Department of Justice." As its head, the Attorney General is the chief litigator and the chief law enforcement officer of the United States.

FY 2018 2022 STRATEGIC GOALS

Goal I: Enhance National Security and Counter the Threat of Terrorism

Goal II: Secure the Borders and Enhance Immigration Enforcement and Adjudication

Goal III: Reduce Violent Crime and Promote Public Safety

Goal IV: Promote Rule of Law, Integrity, and Good Government

MISSION

The Department of Justice serves to enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans.

LOCATION

The Department is headquartered in Washington, DC, at the Robert F. Kennedy Building, occupying a city block bounded by 9th and 10th Streets and Pennsylvania and Constitution Avenues, NW. The Department also has field offices in all states and territories and maintains offices in over 100 countries worldwide.

COMPONENT ORGANIZATIONS

Attorney General
Deputy Attorney General
Associate Attorney General
Antitrust Division (ATR)
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
Bureau of Prisons (BOP)
Civil Division (CIV)
Civil Rights Division (CRT)
Community Oriented Policing Services (COPS)
Community Relations Service (CRS)
Criminal Division (CRM)
Drug Enforcement Administration (DEA)
Environment & Natural Resources Division (ENRD)
Executive Office for Immigration Review (EOIR)
Executive Office for Organized Crime Drug Enforcement Task Forces (OCDETF)
Executive Office for U.S. Attorneys (EOUSA)
Executive Office for U.S. Trustees (UST)
Federal Bureau of Investigation (FBI)
Foreign Claims Settlement Commission (FCSC)
INTERPOL Washington
Justice Management Division (JMD)
National Security Division (NSD)
Office of Information Policy (OIP)
Office of Legal Counsel (OLC)
Office of Legal Policy (OLP)
Office of Legislative Affairs (OLA)
Office of the Inspector General (OIG)
Office of the Pardon Attorney (OPA)
Office of Justice Programs (OJP)
Office of Professional Responsibility (OPR)
Office of Public Affairs
Office of the Solicitor General (OSG)
Office of Tribal Justice (OTJ)
Office on Violence Against Women (OVW)
Professional Responsibility Advisory Office (PRAO)
Tax Division (TAX)
U.S. Attorneys (USAO)
U.S. Marshals Service (USMS)
U.S. Parole Commission (USPC)

U.S. DEPARTMENT OF JUSTICE

FY 2018
AGENCY FINANCIAL
REPORT

NOVEMBER 2018

Office of the Attorney General
Washington, D. C. 20530

November 14, 2018

A MESSAGE FROM THE ACTING ATTORNEY GENERAL

In FY 2018, the Department of Justice brought charges against 20 percent more violent crime defendants than we charged in fiscal 2016. We also charged nearly 20 percent more firearm defendants than we did in 2017, and 30 percent more than we charged in 2016. In September, the FBI released the final crime numbers for 2017, which showed that violent crime and murder had not just stabilized, but actually went down.

For this year, one estimate projects that the murder rate in our 29 biggest cities will decline by 7 .6 percent—bringing the murder rate back down to 2015 levels in those cities. The DEA's National Prescription Audit shows that in the first quarter of 2018, opioid prescriptions went down by nearly 12 percent compared to the first quarter of 2017. This is in addition to a seven percent decline in 20 1 7. And, while 2017 saw more overdose deaths than 2016, data for the last quarter of the year show that the increases may have finally subsided.

I am encouraged by these promising signs but there is much work left to do if we are to truly make the impact we intend to make. I am proud of the accomplishments of the over 1 13,000 Department of Justice employees who work day in and day out to further the department's mission.

In accordance with the Reports Consolidation Act of 2000 and guidance of the Office of Management and Budget (OMB) Circulars A-1 1, A-123, and A-136, we have prepared the FY 2018 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 (A TDA). 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 2018, the Department earned an unmodified, i.e., "clean" audit opinion on our consolidated financial statements. For the twelfth straight year, the auditor's report on internal control identified no material weaknesses at the consolidated level. While we continue as a Department to demonstrate noteworthy progress, we are committed to pursuing actions to correct remaining areas where we have deficiencies.

The Department's assessment of risk and internal control in FY 2018 was conducted in accordance with OMB Circular A-123. Based on the results of the assessment, we provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2018.

The financial and performance data presented in this report are complete and reliable, highlighting the department's accomplishments on behalf of the American public. We will not rest on our achievements, but will remain unyielding in our efforts to reduce crime, reduce homicides, reduce opioid prescriptions, reduce overdose deaths, secure our borders, and promote the rule of law, integrity and good government to protect our most vulnerable citizens, and to uphold justice throughout the United States.

Matthew G. Whitaker
Acting Attorney General

AFR

U.S. Department of Justice – FY 2018
Agency Financial Report

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Appendices

AFR Introduction (Unaudited)

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 agency end-of-fiscal-year financial position and results that include, but are not limited to, financial statements, notes to the financial statements, and reports of the independent auditors, as well as a performance summary.

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, 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 FY 2018 and FY 2017 report on all accounts and associated activities of each office, bureau, and the Department.

The Department continues to enforce vigorously the broad spectrum of laws of the United States; notably, enhancing national security and the fight against terrorism continues to be the highest priority of the Department. The Department's current Strategic Plan for FYs 2018-2022 is available electronically at http://www.justice.gov/jmd/page/file/1071066/download. The Strategic Plan includes four strategic goals and related objectives, which are referred to throughout this report.

Organization of the Report

Section I – Management's Discussion and Analysis: This section includes summary information about the mission and organization of the Department; resource information; an analysis of the Department's financial statements; an analysis of performance information for the Department's key performance measures; and 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 OMB Circular A-123.

Section II – Financial Section: This section includes OIG's Commentary and Summary on the Department's FY 2018 Annual Financial Statements, the Independent Auditors' Report and the Department's consolidated financial statements and related notes.

Section III – Management Section: This section includes the OIG-identified Top Management and Performance Challenges Facing the Department of Justice and the Department of Justice's response to those challenges as well as the Undisbursed Balances in Expired Grant Accounts report.

Appendices: This section includes (A) OIG's Analysis and Summary of Actions Necessary to Close the Report; (B) Payment Integrity; (C) Acronyms; and (D) Department Component Websites.

This report is available at https://www.justice.gov/doj/fy-2018-agency-financial-report

Compliance with Legislated Reporting Requirements

This report meets the following legislated reporting requirements:

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

Federal Managers' Financial Integrity Act of 1982 (FMFIA) – Requires federal agencies to annually report on the effectiveness of internal control over operations, reporting, and compliance and whether agency financial management systems comply with government-wide requirements

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

Federal Financial Management Improvement Act of 1996 (FFMIA) – Requires an assessment of agency financial systems for adherence to government-wide requirements and standards

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

Grants Oversight and New Efficiency Act of 2016 (GONE) – Requires reporting on federal grant and cooperative agreement awards and balances for which closeout has not yet occurred but for which the period of performance has elapsed by more than two years

Payment Integrity Information Act of 2018 – Requires reporting on agency efforts to identify, reduce, and recapture improper payments

SECTION I

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

Section I

Management's Discussion and Analysis (Unaudited)

Established July 1, 1870 (28 U.S.C. § 501 and 503), the Department of Justice (DOJ or the Department) 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, Associate Attorney General, 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

The mission of the Department of Justice, as reflected in the Strategic Plan for fiscal years (FY) 2018-2022 is as follows:

> *To enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans.*

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

Equal Justice Under Law. Upholding the laws of the United States is the solemn responsibility entrusted to DOJ by the American people. The Department enforces these laws fairly and uniformly to ensure that all Americans receive equal protection and justice.

Honesty and Integrity. DOJ adheres to the highest standards of ethical behavior, cognizant that, as custodians of public safety, its motives and actions must be above reproach.

Commitment to Excellence. The Department seeks to provide the highest levels of service to the American people. DOJ is an effective and responsible steward of taxpayers' dollars.

Respect for the Dignity and Worth of Each Human Being. Those who work for the Department treat each other and those they serve with fairness, dignity, and compassion. They value differences in people and ideas. They are committed to the well-being of employees and to providing opportunities for individual growth and development.

Strategic Goals and Objectives

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. In the Department, strategic planning is the first step in an iterative planning and implementation cycle.

This cycle, which is the center of the Department's efforts 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 FY 2018 – 2022 Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. The Strategic Plan is available electronically on the Department's website at: https://www.justice.gov/jmd/page/file/1071066/download.

The table below provides an overview of the Department's FY 2018 - 2022 strategic goals and objectives.

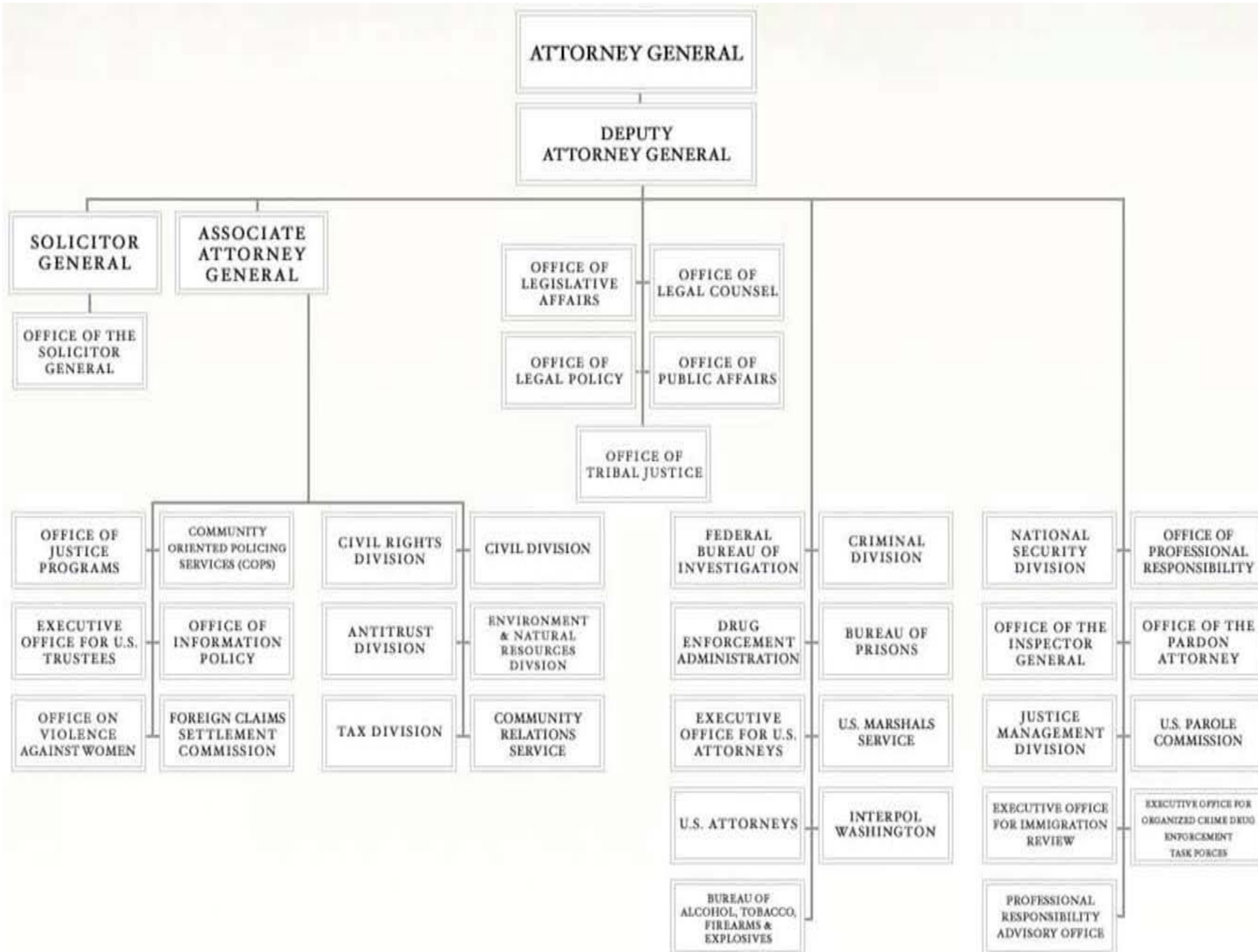
Strategic Goal		Strategic Objectives
1	Enhance National Security and Counter the Threat of Terrorism	1.1 Disrupt and defeat terrorist operations 1.2 Combat cyber-based threats and attacks 1.3 Combat unauthorized disclosures, insider threats, and hostile intelligence activities
2	Secure the Borders and Enhance Immigration Enforcement and Adjudication	2.1 Prioritize criminal immigration enforcement 2.2 Ensure an immigration system that respects the rule of law, protects the safety of U.S. Citizens and serves the national interest
3	Reduce Violent Crime and Promote Public Safety	3.1 Combat violent crime, promote safe communities, and uphold the rights of victims of crime 3.2 Disrupt and dismantle drug trafficking organizations to curb opioid and other illicit drug use in our nation
4	Promote Rule of Law, Integrity, and Good Government	4.1 Uphold the rule of law and integrity in the proper administration of justice 4.2 Defend first amendment rights to exercise religion and free speech 4.3 Pursue regulatory reform initiatives 4.4 Achieve management excellence

Organizational Structure

Led by the Attorney General, the Department is comprised of 39 separate component organizations. There are over 113,000 employees who ensure that the individual component missions, and the overarching Department goals, are carried out. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Service (USMS), which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Federal Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), and Tax (TAX) Divisions. 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), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the Office of the Inspector General (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



Approved by: Jefferson B. Sessions III Date: 2-5-18

JEFFERSON B. SESSIONS III
Attorney General

Financial Structure

The Department's financial reporting structure is comprised of nine principal components.

Components:

- 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)
- Office of Justice Programs (OJP)
- Offices, Boards and Divisions (OBDs)*
- U.S. Marshals Service (USMS)

***OBDs**

Offices

Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
Executive Office for Organized Crime Drug Enforcement Task Forces
INTERPOL Washington
Office of Community Oriented Policing Services
Office of Information Policy
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office of Tribal Justice
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys

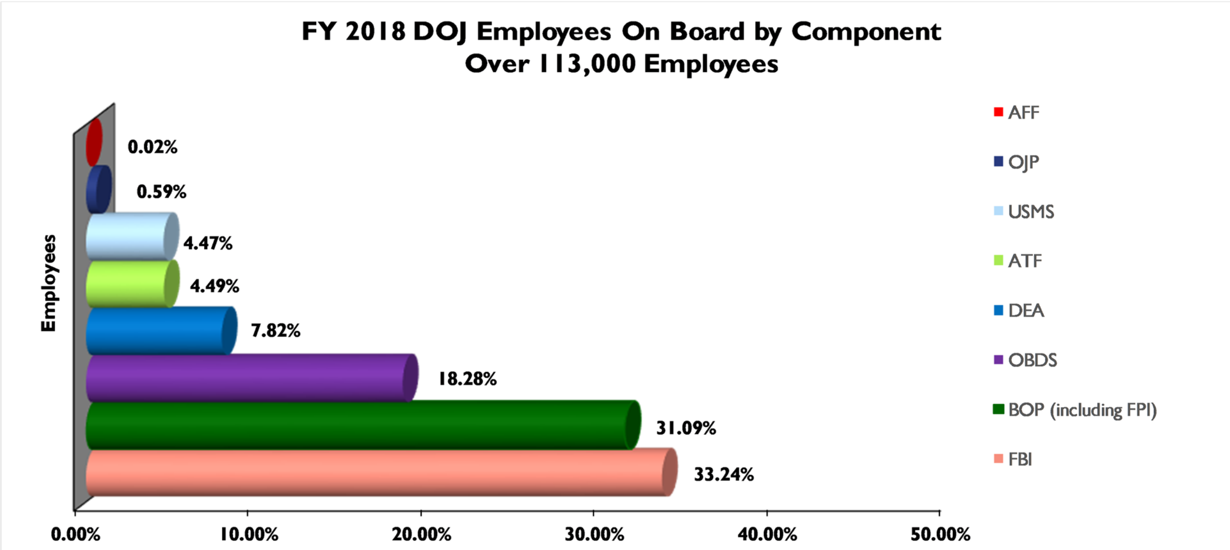
Boards

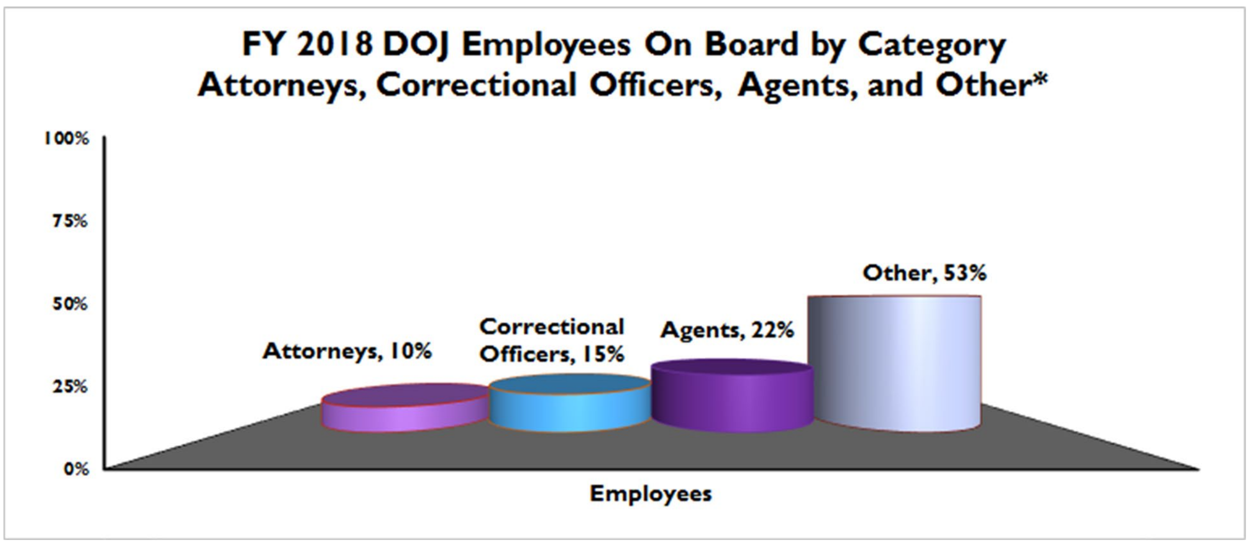
Foreign Claims Settlement Commission
U.S. Parole Commission

Divisions

Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

FY 2018 Resource Information





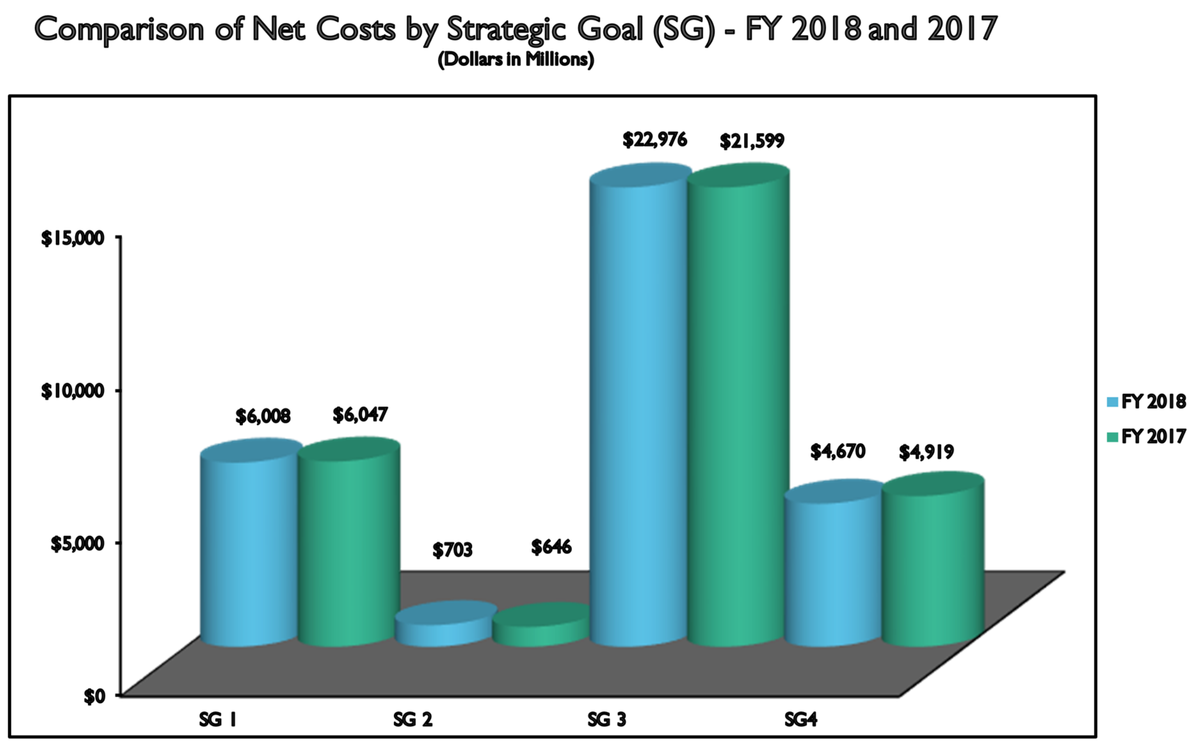
*"Other" includes pay class categories such as paralegals, intelligence analysts, financial managers, procurement officers, evidence technicians, and security specialists

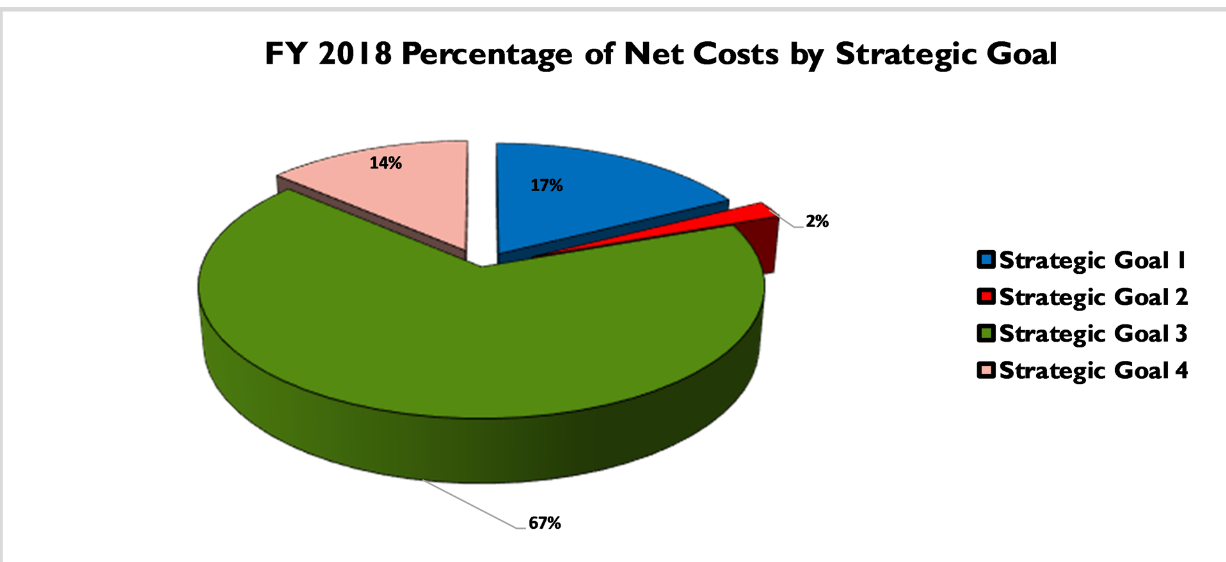
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2018	FY 2017	% Change
Earned Revenue:	**$ 3,312,187**	**$ 2,834,883**	**16.84%**
Budgetary Financing Sources:			
Appropriations Received	30,435,438	35,463,968	(14.18%)
Appropriations Transferred-In/Out	985,768	1,250,532	(21.17%)
Nonexchange Revenues	993,117	7,157,288	(86.12%)
Donations and Forfeitures of Cash and Cash Equivalents	1,081,763	1,378,432	(21.52%)
Transfers-In/Out Without Reimbursement	(225,796)	(496,397)	(54.51%)
Other Adjustments	(674,300)	(818,319)	(17.60%)
Other Financing Sources:			
Donations and Forfeitures of Property	203,683	370,007	(44.95%)
Transfers-In/Out Without Reimbursement	9,025	21,168	(57.36%)
Imputed Financing	873,536	725,702	20.37%
Other Financing Sources	(9,077)	(8,156)	11.29%
Total DOJ Resources	**$ 36,985,344**	**$ 47,879,108**	**(22.75%)**

Table 2. How DOJ Resources Are Spent
(Dollars in Thousands)

Strategic Goal	FY 2018	FY 2017	% Change
1 Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	$ 6,293,963	$ 6,336,332	
Less: Earned Revenue	285,573	289,449	
Net Cost	6,008,390	6,046,883	(0.64%)
2 Secure the Borders and Enhance Immigration Enforcement and Adjudication			
Gross Cost	714,753	672,068	
Less: Earned Revenue	11,779	26,409	
Net Cost	702,974	645,659	8.88%
3 Reduce Violent Crime and Promote Public Safety			
Gross Cost	25,016,996	23,304,446	
Less: Earned Revenue	2,041,288	1,705,029	
Net Cost	22,975,708	21,599,417	6.37%
4 Promote Rule of Law, Integrity, and Good Government			
Gross Cost	5,643,333	5,732,907	
Less: Earned Revenue	973,547	813,996	
Net Cost	4,669,786	4,918,911	(5.06%)
Total Gross Cost	**37,669,045**	**36,045,753**	
Less: Total Earned Revenue	**3,312,187**	**2,834,883**	
Total Net Cost of Operations	**$ 34,356,858**	**$ 33,210,870**	**3.45%**





Goal 1: Enhance National Security and Counter the Threat of Terrorism
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication
Goal 3: Reduce Violent Crime and Promote Public Safety
Goal 4: Promote Rule of Law, Integrity, and Good Government

Analysis of Financial Statements

The Department's financial statements, which are provided in Section II of this document, received an unmodified audit opinion for the fiscal years ended September 30, 2018 and 2017. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2018. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section II of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2018, shows $57.5 billion in total assets, a decrease of $3.2 billion over the previous year's total assets of $60.7 billion. The decrease is primarily payment made to Madoff victims and the Victim Compensation Fund (VCF) claimants. Fund Balance with U.S. Treasury (FBWT) was $39.4 billion, which represented 68.5% percent of total assets.

Liabilities: Total Department liabilities were $18.9 billion as of September 30, 2018, a decrease of $2.5 billion from the previous year's total liabilities of $21.4 billion. The decrease is primarily related to prior year accounts payable disbursed to Madoff victims and VCF claimants in FY 2018.

Net Cost of Operations: The Consolidated Statement of Net Cost presents Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled $34.4 billion for the fiscal year ended September 30, 2018, an increase of $1.2 billion from the previous year's net cost of operations of $33.2 billion. The increase was primarily due to appropriation and cost increases for the Crime Victims Fund.

Budgetary Resources: The Department's FY 2018 Combined Statement of Budgetary Resources shows $56.2 billion in total budgetary resources, an increase of $2.2 billion from the previous year's total budgetary resources of $54.0 billion. The increase was primarily due to appropriation increase for the Crime Victims Fund.

Agency Outlays, Net: The Department's FY 2018 Combined Statement of Budgetary Resources shows $34.6 billion in agency outlay, net, an increase of $0.8 billion from the previous year's agency outlays, net amount of $33.8 billion. The increase is primarily due to payments disbursed to Madoff victims and VCF claimants in FY 2018.

Summary of Performance Information

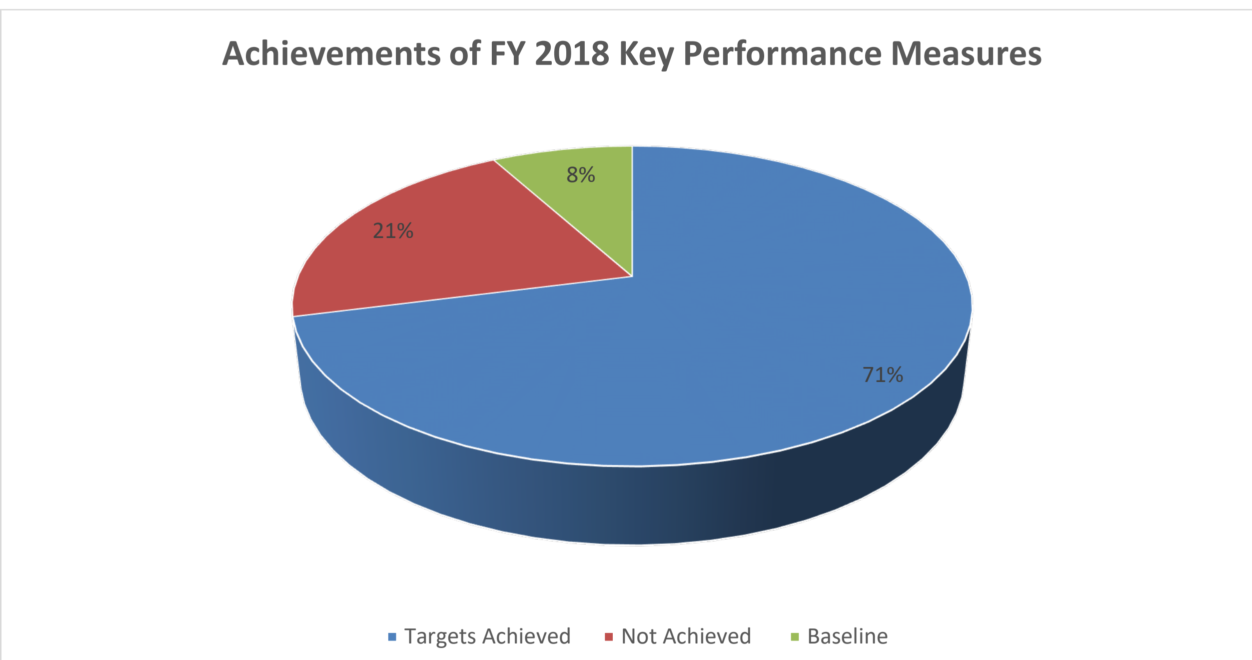
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2018-2022 Strategic Plan, which contains four strategic goals, is used for this report. The Department's Plan includes 36 key performance measures – of those, five are currently under development – addressing DOJ's priorities toward achieving its long-term outcome goals. The performance measures are summarized in this document. The Department's full Performance Report for these measures will be discussed in the Department's FY 2018 Annual Performance Report/FY 2020 Annual Performance Plan and submitted with the President's Budget in February 2019. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2018, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this summary report, 77 percent of the established performance measures have actual data for FY 2018. The Department achieved 71 percent of its key measures that had data available as of September 30, 2018. For some of the performance measures, the actual data will not be available until later in calendar year 2018 or 2019. The Department continues to emphasize long-term and annual performance measure development, placement of key performance indicators on cascading employee work plans, and Department-wide quarterly status reporting.

The chart below and the table that follows summarize the Department's achievement of its FY 2018 long-term outcome goals (key performance measures).



	U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity	FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	**Strategic Goal 1: Enhance National Security and Counter theThreat of Terrorism**			
1.1	Number of terrorism disruptions effected through investigations [FBI]	200	540	Target Achieved
1.1	Number of incidents reported to the United States Bomb Data Center via the Bomb and Arson Tracking System [ATF]	40,000	37,545	Not Achieved
1.1	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	90%	91%	Target Achieved
1.1	Number of activities conducted with the goal of building the capacity of foreign law enforcement, prosecutors, and judicial systems to disrupt and dismantle terrorist actions and organizations [CRM]	541	958	Target Achieved
1.2	Number of computer intrusion program deterrences, detections, disruptions and dismantlements [FBI]	4,200	11,540	Target Achieved
1.2	Percentage of cyber defendants whose cases were favorably resolved [NSD, USA, CRM]	90%	81%	Not Achieved
1.3	Number of counterintelligence program disruptions and dismantlements [FBI]	400	698	Target Achieved
1.3	Percentage of espionage defendants whose cases are favorably resolved [NSD]	90%	100%	Target Achieved
Strategic Objective	**Strategic Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication**			
2.1	Percentage of criminal immigration dispositions that are successfully resolved [USA]	90%	100%	Target Achieved
2.1	Percentage of federal denaturalization of dispositions that are successfully resolved [USA, CIV]	80%	91%	Target Achieved
2.2	Percentage of criminal immigration-related benefits fraud dispositions that are successfully resolved [USA]	90%	99%	Target Achieved
2.2	Percentage of employer sanctions, immigration-related unfair employment practices, and immigration-related document fraud cases completed within the stablished timeframe [EOIR]	90%	97%	Target Achieved
2.2	Percentage of Immigration and Nationality Act (INA) Section 274B Protecting U.S. Workers Initiative discriminatory or unlawful hiring practice enforcement actions resolved [CRT]	90%	100%	Target Achieved
2.2	Clearance rate for detained and non-detained cases [EOIR]	Baseline	62%	N/A

*Final actual figure will be provided at a later date.

	U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity	FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	**Strategic Goal 3: Reduce Violent Crime and Promote Public Safety**			
3.1	Percentage of federal violent crime defendants whose cases were favorably resolved [USA, CRM]	90%	93%	Target Achieved
3.1	Number of National Integrated Ballistic Information Network (NIBIN) "hits/leads," that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from crime scenes and from gun test-fires [ATF]	50,000	54,686	Target Achieved
3.1	Number of victims of a violent crime that receive services through the Victim Assistance Program [OJP]	3,030,000	TBD*	TBD
3.1	Percentage of extraditions received related to violent criminals [CRM]	Baseline	18.4%	N/A
3.1	Percent of gang/criminal enterprise dismantlements non-Consolidated Priority Organization Targets (non-CPOTs) [FBI]	15%	29%	Target Achieved
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.2	Number of disruptions and dismantlements of Drug Trafficking Organizations (DTOs) linked to CPOTs [OCDETF, DEA, FBI]	245	TBD*	TBD
3.2	Number of disruptions and dismantlements of Priority Threat Organizations (PTOs) not linked to CPOTs [DEA]	1,475	1,381	Not Achieved
3.2	Number of Scheduled Diversion Investigations completed [DEA]	2,775	2,414	Not Achieved
3.2	Number of CPOT-linked investigations with one or more defendants convicted [OCDETF]	344	TBD*	TBD

*Final actual figure will be provided at a later date.

	U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity	FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	**Strategic Goal 4: Promote Rule of Law, Integrity, and Good Government**			
4.1	Percentage of illicit market defendants whose cases were favorably resolved [CRM, USA]	85%	92%	Target Achieved
4.1	Percentage of Office of Professional Responsibility (OPR) inquiries resolved within one year, and investigations within two years [OPR]	50%/50%	89%/100%	Target Achieved
4.2	New performance measure under development [CRT]	TBD	TBD	TBD
4.3	Ratio of deregulatory actions to regulatory actions [OLP]	2:01	TBD*	TBD
4.3	Cost of regulations per fiscal year is below cap [OLP]	TBD	TBD*	TBD
4.4	Ethics training for DOJ employees conducted by the Departmental Ethics Office (DEO) and ensure all financial disclosures are reviewed timely [JMD/DEO]	100%	95%	Not Achieved
4.4	Time-to-hire Mission Critical Occupations (MCOs) (average number of days) [JMD/HRA]	2%	TBD*	TBD
4.4	Unmodified audit opinion [JMD/Controller]	100%	TBD*	TBD
4.4	Number of systems moved to the Cloud [JMD/OCIO]	12	129	Target Achieved

*Final actual figure will be provided at a later date.

FY 2018 – 2019 Priority Goals

Federal agencies are required to identify a limited number of Priority Goals that are considered priorities for both the Administration and the agency, have high relevance to the public or reflect the achievement of key agency missions, and would produce significant results over a 12 to 24 month timeframe. The Priority Goals represent critical elements of a federal agency's strategic plan and are linked to the larger DOJ policy framework and strategic plan goals.

The Priority Goals align with the FY 2018-2022 Strategic Plan, and are reported on a quarterly basis via OMB MAX Performance Page. The FY 2018-2019 Priority Goals are:

Priority Goal 1, Combat Cyber-Enabled Threats and Attacks:

Cybercrime is one of the greatest threats facing our country, and has enormous implications for our national security, economic prosperity, and public safety. The range of threats and challenges cybercrime presents for law enforcement expands just as rapidly as technology evolves. By September 30, 2019, the Department of Justice will combat cyber-enabled threats and attacks by conducting 8,400 computer intrusion program deterrences, detections, disruptions and dismantlements, while successfully resolving 90 percent of its cyber defendant cases.

Status: The Department exceeded one of its FY 2018 targets for the two performance measures for the Combat Cyber-Enabled Threats and Attacks Priority Goal. For FY 2018, FBI exceeded its annual target of 4,200, by 7,340 for the number of computer intrusion programs deterred, detected, disrupted and dismantled. Throughout the year, FBI had greatly exceeded its quarterly targets. By the end of FY 2018, the total number of computer programs affected was 11,540 – more than double the annual target for FY 2018.

For FY 2018, the Department favorably resolved 329 of 404 cyber cases (81%), short of achieving the annual target (90%). As with all cases handled by the Department, each was individually evaluated throughout the judicial process, including the decision to initiate charges. Depending upon the total number of cases resolved, a one case differential can significantly impact the favorable percentage. Many cases concerning "cybercrime" may not necessarily be captured under this number, as there is not a single statute to prosecute criminal cyber conduct. Cyber cases tend to involve other related criminal conduct under which the matter could be coded in the Executive Office of the U.S. Attorneys' case management database. U.S. Attorneys will continue to individually assess each case brought for criminal prosecution in a manner that promotes the ends of justice.

Priority Goal 2, Violent Crime Reduction:

By September 30, 2019, the Department of Justice will increase the percentage of non-Consolidated Priority Organization Target (non-CPOT) gang/criminal enterprise dismantlements by 30%; increase the number of National Integrated Ballistic Information (NIBIN) "hits/leads," that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from crime scenes and from crime gun test-fires by 55,000; and favorably resolve 90% of federal "violent crime" cases.

Milestones: As part of the enhanced Project Safe Neighborhoods program, the United States Attorney's Offices will develop and implement a district-specific violent crime reduction strategy. By 2018, 75% of districts would have implemented violent crime reduction strategies. By 2019, 100% of districts would have implemented violent crime reduction strategies.

Status: The Department exceeded its FY 2018 targets for the three performance measures for the Violent Crime Reduction Priority Goal. For FY 2018, the FBI increased the percentage of non-Consolidated Priority Organization Targets (CPOTs) gang/criminal enterprise dismantlements by 19%. Collectively the total number of dismantlements reported in FY 2018 was 206, which exceeded the annual target of a 15% increase, or 173 dismantlements. Also for FY 2018, ATF reported 54,686 for the total number of National Integrated Ballistic Information (NIBIN) "hits/leads," that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from scenes and from crime gun test fires. ATF exceeded its annual target of 50,000 by nearly 5,000, or 9.4%. The Department continues to favorably resolve more than 90% of its federal violent crime cases. For FY 2018, the Department handled 35,895 cases, of which 93% were favorably resolved. Throughout the year, the Department had exceeded its quarterly target of 90%, by more than 2%, for federal violent crime defendant cases.

As part of the Project Safe Neighborhoods Program (PSN), the U.S. Attorney's Offices (USAOs) developed and implemented district specific violent crime strategies. By the end of FY 2018, all 93 USAOs completed each of the key milestone activities.

1. Selected a PSN Coordinator
2. Reviewed their anti-violence strategies
3. Submitted an initial assessment of their data collection capacity
4. Submitted a six-month data report on PSN implementation

<u>Priority Goal 3, Disrupt Drug Trafficking to Curb Illicit Drug Use:</u>

By September 30, 2019, the Department of Justice will increase the number of disruptions and dismantlements of Transnational Criminal Organizations (TCOs) to 402; complete 2,785 scheduled diversion investigations; and increase the number of diversion criminal cases initiated to 1,725.

Milestones: The Drug Enforcement Administration (DEA) will continue ongoing efforts to implement its Threat Enforcement Prioritization Process (TEPP). The TEPP proactively manages enforcement performance (activities, outcomes and resources) allowing for greater accountability. TEPP enhances DEA's ability to identify evolving threats, prioritize its response, evaluate success, and report on its effectiveness in a more timely manner. TEPP shifts DEA's performance from a more quantitative approach to a more qualitative, results oriented approach that focuses and reports on community-based, environmental outcomes.

- By 2018, 33% of DEA Field Division fully transitioned to TEPP
- By 2019, 66% of DEA Field Division fully transitioned to TEPP

Status: The Department exceeded its FY 2018 target for one of the three performance measures for the Disrupt Drug Trafficking to Curb Illicit Drug Use Priority Goal. The number of disruptions and dismantlements of TCOs is a new performance measures. Due to the newness and complexity of the measure, the Department has set only annual targets. The Department will provide its annual results for this measure in November 2018.

For FY 2018, DEA achieved 2,414, or 87%, of its FY 2018 target (2,775) for number of Scheduled Diversion Investigations. Although DEA's Diversion Control Division anticipated meeting its FY 2018 target, at times higher priority investigations involving criminal and regulatory violators took precedence over Scheduled Investigations. In response to the opioid epidemic and decline in Diversion Investigator Agent FTEs, the Diversion Control Division adjusted its Scheduled Work Plan in order to better align resources and maximize its investigative resources which changed the frequency/cycle for Data Waived Practitioners/Narcotic Treatment Practitioners, from five years to 15 years. The change resulted in a significant reduction in the number of Scheduled Diversion Investigations conducted.

For FY 2018, DEA exceeded its annual target of 1,700, by 9% for number of Diversion Criminal Cases Initiated. DEA initiated a total of 1,853 cases, in FY 2018.

For FY 2018, DEA achieved 98% of its target for TEPP Implementation (of the target of 33% of total DEA Field Offices fully transitioned to TEPP, DEA achieved 32.3%). In the fourth quarter of FY 2018, all of the Field Offices provided their Biannual Impact Statements (End-of-Year) on time, including the Louisville Division which came on line in January 2018. Although the Omaha Division – a new division, officially dedicated on July 8, 2018 – did not fully implement TEPP in FY 2018, it is now on track to be fully TEPP compliant by the end of the first quarter in FY 2019. As such, DEA will be able to meet all of the TEPP requirements for FY 2019.

Analysis of Systems, Controls, and Legal Compliance

Internal Control and Risk Management in the Department of Justice

The Department of Justice's internal control and risk management system is designed to provide reasonable assurance that the objectives of the Department will be achieved. The objectives and related risks are broadly classified into one or more of the following three categories:

- Operations - Effectiveness and efficiency of operations
- Reporting - Reliability of reporting for internal and external use
- Compliance - Compliance with applicable laws and regulations

The Department identifies emerging risks and issues through a strong governance framework that consists of a network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, Risk Management Committee, Chief Information Officers' Council, Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and DOJ component internal review and inspection offices. In addition, the Department considers reports issued by the Office of the Inspector General and Government Accountability Office when assessing risks and internal control.

In FY 2018, the Department made significant strides in expanding its Enterprise Risk Management (ERM) program with the goal of continuing the integration of ERM with strategic planning and internal control processes to foster better performance-based management and decision-making. For the second year, the Department's Risk Management Committee identified and prioritized enterprise-wide risks associated with mission and mission-support operations across the Department. The Committee included representatives from material reporting components (e.g., the FBI, DEA, and ATF); seven litigating divisions; the National Security Division; the Executive Office for Immigration Review; the Executive Office for United States Trustees; and Justice Management Division (JMD) offices with oversight responsibilities for strategic planning, financial management, human resources, and information systems. Through discussions of the risks, and existing and planned management controls associated with the risks, the Committee developed the FY 2018 ERM Risk Profile.[2]

Efforts will continue in FY 2019 to further expand the Department's ERM program, to include implementing a framework for integrating ERM practices with strategy setting and performance management initiatives, consistent with the framework provided in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, and the Government Performance and Results Modernization Act of 2010. The ERM governance structure will continue to evolve as representatives from other DOJ components are added to the Risk Management Committee and additional Management Working Groups are established to support detailed analyses of risks, risk responses, and internal control and performance monitoring. Communication, training, and awareness-building continue to be key areas of focus to leverage existing ERM practices and gain further integration between strategic planning, internal control monitoring, and performance assessment.

[2] The DOJ components contributing to the FY 2018 ERM Risk Profile included ATF; BOP; DEA; FBI; OJP; USMS; the Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, National Security, and Tax Divisions; the Executive Office for Immigration Review; the Executive Office for United States Trustees; and the following JMD offices – Budget Staff, Finance Staff, Human Resources Staff, Internal Review and Evaluation Office, and the Office of the Chief Information Officer.

The Department's internal control system continues to improve through ongoing assessments and corrective actions implemented by management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced by continuing actions to establish effective controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and actions taken by Department management in response to new legislation, OMB initiatives, and Office of the Inspector General and Government Accountability Office recommendations.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act) 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).

FMFIA Assurance Statement

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 on the results of the assessment, we can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2018.

The Department of Justice is committed to maintaining strong program and financial management as we continue our mission of fighting terrorism and protecting our communities from crime. We take our program and financial accountability seriously and are dedicated to ensuring that the funds we receive are used in a responsible and transparent manner. We will continue 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. We look forward in FY 2019 to building on our achievements as we continue the important work of the Department.

Matthew G. Whitaker
Acting Attorney General
November 14, 2018

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, the Act 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 Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996.*

FFMIA Compliance Determination

During FY 2018, the Department assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially comply with the FFMIA. This determination is based on the results of reviews conducted pursuant to the Federal Information Security Management Act and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified during the Department's financial statement audit. A summary of the Department's compliance with the specific requirements of the FFMIA is provided at the end of this section.

Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to ultimately replace the one remaining major non-integrated legacy accounting system in use in the Department with the single, integrated financial management system the Department is 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 FYs 2009 through 2018, the Department made measurable progress in implementing UFMS. In FY 2009, the DEA successfully migrated to UFMS and, importantly, obtained an unqualified audit opinion on its financial statements produced from UFMS. As expected, the DEA project was a large, complex, and difficult migration, but one that helped to lay the foundation for the migrations of the ATF, USMS, AFMS, and FBI that occurred in FYs 2011 through 2014. In FYs 2015 through 2017, the Department continued its planning efforts to ensure the smooth migrations of three components in October 2015, four components and 10 United States Attorneys' Offices in October 2016, and eight components and the remaining United States Attorneys' Offices in October 2017.[3] In FY 2018, the Department continued its planning efforts for the FY 2019 migrations of five components.[4] The UFMS implementation goals leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

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[3] The three components migrated to UFMS in October 2015 were the Executive Office for Immigration Review, Office of the Inspector General, and Office of the Pardon Attorney. The four components migrated in October 2016 were the Community Relations Service, Foreign Claims Settlement Commission, National Security Division, and United States Parole Commission. The eight components migrated in FY 2018 were the Civil Division, Criminal Division, Civil Rights Division, Environment and Natural Resources Division, INTERPOL, Office of Legal Counsel, Office of the Solicitor General, and Tax Division.

[4] The five components to be migrated in FY 2019 are the Antitrust Division, Justice Management Division, Organized Crime Drug Enforcement Task Forces, Senior Management Offices, and the Executive Office for United States Trustees.

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.

Summary of Financial Statement Audit and Management Assurances

The following table summarizes the results of the Department's 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), compliance with financial management system requirements (FMFIA § 4), and compliance with the FFMIA.

Table 3. 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**
None	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

Table 4. 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	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**

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

Analysis of Legal Compliance

Department of Justice management is committed to ensuring compliance with applicable laws and regulations, including data standards and appropriations and employment laws and regulations. Compliance is addressed through the financial statement audit and internal audits, reviews, and inspections. The audits, reviews, and inspections performed in FY 2018 identified isolated instances of noncompliance, none of which was material to the Department's system of internal control or financial statements.

Forward Looking Information

The Department's leadership is committed to ensuring its programs and activities will continue to be focused on meeting the dynamic demands of the changing legal, economic, and technological environments of the future.

National Security

- Going Dark: Criminals and terrorists are using encryption and other anonymous or hidden services to avoid detection, identification and capture. Conducting court-approved intercepts has become more challenging. Providers offer encryption as a selling point. Even when legal authority exists, technical ability is lacking, as are storage and data retention policies. A coordinated strategic response is urgently needed.
- Foreign Intelligence and Insider Threat: Both international and domestic terrorists threaten Americans at home and abroad. Foreign governments and state-sponsored actors threaten U.S. national security through foreign operations and espionage.
- Cyber Threat: Cyber issues straddle both national security and criminal areas, with the United States facing daily telecommunications network attacks from a range of nations, criminals and terrorists, all with potentially devastating consequences. The Department of Justice itself is under constant cyber-attack. The threat is pervasive and persistent and the methods of adversaries are always evolving.

Law Enforcement

- Opioid Epidemic: More than 72,300 Americans died from drug overdoses in 2017, of which 68% were caused by opioids.
- Transnational Organized Crime: Transnational criminal organizations pose the greatest threat to national security and the safety of American citizens.
- State, Local and Tribal: Federal law enforcement officers constitute only 15 percent of the total number of law enforcement officers nationwide; therefore, 85 percent of the officer support relies upon strong partnership in state and local law enforcement, who have critical intelligence about violent crime in their communities, and whose actions are crucial in the fight against violent crime and the opioid epidemic.

Immigration

- Increasing Workload: At the beginning of FY 2018, there were nearly 650,000 cases pending in immigration courts nationwide, by far the largest pending caseload before the agency, marking the eleventh consecutive year of increased backlogs.
- Illegal Aliens: An increase in the Department of Homeland Security (DHS) apprehensions will result in more fugitive investigations for individuals with immigration warrants; more protective investigations and details for members of the judiciary; and more prisoners to receive, process, and detain.
- Immigration Enforcement Prosecutors: Federal prosecution of border crime is an essential part of the nation's defense and security and critical to public safety. U.S. Attorneys' Offices address the criminal and civil caseloads generated by law enforcement activities to ensure aggressive enforcement of all immigration statutes.

Hiring and Staffing

- Given an aging population in the federal workforce, the Department faces a series of difficulties in the coming years. Most components have experienced reduced staffing levels in the past several years. The hiring process can be lengthy and complex, especially the added time needed for background investigations.

Budget Constraints and Uncertainties

- From 2001 to 2010, the Department's discretionary budget rose steadily, from $18 billion to $28 billion, an increase of 55%. However, since then, the discretionary budget has been largely flat or lower, with components absorbing inflationary costs. The 2018 enacted budget was $29.7 billion, an increase of 7% when compared to 2010.

Unpredictable

- Responses to unanticipated natural disasters and their aftermath, such as the major hurricanes the United States endured in 2018, require the Department to divert resources to deter, investigate, and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.
- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Justice, pursuant to the requirements of 31 U.S.C. § 3515(b).

While the statements have been prepared from the books and records of the Department in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

SECTION II
FINANCIAL SECTION

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 Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the format suggested in OMB Circular A-136, *Financial Reporting Requirements*. This data outlines not only the costs of programs, but also the costs of achieving individual results by strategic goal. The following section provides the Statements of Net Cost by major program for the Department of Justice, and it is aligned directly with the goals and objectives in the Department's Strategic Plan and Annual Performance Plan.

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, 2018 and 2017.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2018 and 2017. 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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017.

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Commentary and Summary

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2018

Objective

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) is required to perform or contract an independent auditor to perform an audit of the Department's annual financial statements.

The objectives of the audit are 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, 2018. An unmodified opinion was issued. KPMG reported one significant deficiency in the Independent Auditors' Report. The Independent Auditors' Report 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 auditors' report dated November 14, 2018, and the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

Recommendations

KPMG provided the Department five recommendations to improve its monitoring activities of financial statement preparation and review controls.

Audit Results

Under the direction of the OIG, KPMG performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The fiscal year (FY) 2018 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 2017, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 18-02).

KPMG reported one significant deficiency in the FY 2018 Independent Auditors' Report related to inadequate financial statement preparation and review controls. KPMG noted that the emphasis placed on the Department's financial statement preparation and review processes had not achieved the level of rigor that is necessary to prepare timely and accurate financial statements in accordance with generally accepted accounting principles, and OMB Circular No. A-136, *Financial Reporting Requirements*. Specifically, errors were reported related to the reconciliation of Fund Balance with Treasury, configuration of certain funds in Unified Financial Management System (UFMS), elimination of intra-component organization activity, and accounting for and reporting of downward adjustments of prior year obligations.

No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards. Additionally, 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. Four of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund, Federal Bureau of Investigation, Federal Bureau of Prisons, and Federal Prison Industries, Inc.) also prepare separate audited annual financial statements, which are available on the OIG's website shortly after issuance.

Beginning in 2009, the Department has made significant progress toward implementing the UFMS. The Department has two final implementations scheduled in October 2019 and 2020, after which the UFMS implementation will be complete and the Department will have a fully unified financial management system. Until that time, the Department does not yet have a fully unified financial management system to readily support ongoing accounting operations and the preparation of financial statements, in order to achieve the economies of scale that it envisions. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system currently being used by three of the Department's nine reporting components.

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

Independent Auditors' Report

Inspector General
U.S. Department of Justice

United States Acting Attorney General
U.S. Department of Justice

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the Federal Bureau of Prisons (BOP), of which statements reflect total assets constituting 11% of consolidated total assets as of September 30, 2017 and total net costs constituting 22% of consolidated total net costs for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-01 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2018 and 2017, 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.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the basic 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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections be presented to supplement the basic consolidated financial statements. Such 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 consolidated financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 and the other auditors 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The information in the Department Overview, Message from the Attorney General, Introduction, Other Information, Management Section, and Appendices is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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, 2018, we considered the Department's internal control over financial reporting (internal control) to determine the 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*.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in Exhibit I that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements 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 determination of financial statement amounts. 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. 19-01.

Management is currently reviewing two matters regarding potential violations of the *Antideficiency Act* (ADA) as follows:

- The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) is evaluating a potential ADA violation related to whether congressional notification was necessary prior to funding the relocation of four ATF employees to the Caribbean in fiscal year 2016.

- The Office of Justice Programs is evaluating a potential ADA violation related to the period of availability of funds awarded under the *Victims of Crime Act of 1984.*

As of the date of this report, the outcome of these matters, and any resulting ramifications, are not known.

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 Findings

The Department's response to the significant deficiency identified in our audit is described in Exhibit I. The Department's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section 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 14, 2018

EXHIBIT I

SIGNIFICANT DEFICIENCY

Improvements Needed in Financial Statement Preparation and Review Controls

The Department and its components make investments in the people, processes, and technology that enable the timely and accurate accounting of the Department's daily activities. These activities include the personnel, payroll, procurement, grants, budgetary, and funds management activities of the Department and its components. To facilitate its accounting of the Department's daily activities, during fiscal year (FY) 2018 the DOJ continued the multi-year implementation of its new Unified Financial Management System (UFMS). Due to competing priorities faced by DOJ personnel in supporting the conversion of nine component organizations within the Offices, Boards, and Divisions (OBDs) reporting component to UFMS and planning for the conversion of the remaining five OBD component organizations in FYs 2019 and 2020, we noted that the emphasis placed on the Department's financial statement preparation and review processes had not achieved the full level of rigor that is necessary to prepare timely and accurate financial statements in accordance with generally accepted accounting principles, and OMB Circular No. A-136, *Financial Reporting Requirements*.

During our FY 2018 audit, the Department detected or we brought to the attention of the Department the following errors, for which the underlying causes were similar and pervasive.

- Reconciliation of Fund Balance with Treasury (FBWT): For certain funds converted to UFMS in FY 2018, DOJ personnel did not perform timely reconciliations of its accounting records with the U.S. Treasury, which resulted in unreconciled variances of $454 million. These amounts were not reconciled until the last quarter of the fiscal year, but were recorded and reported properly in the FY 2018 financial statements.

- Configuration of certain funds in UFMS: Two of the DOJ's funds were not properly configured as appropriated funds when converted to UFMS. This resulted in the understatement of both Unexpended Appropriations – Used and Expended Appropriations by $623 million as of March 31, 2018. DOJ personnel corrected this matter in its June 30, 2018 interim financial statements.

- Elimination of intra-component organization activity: When reporting the activity of intra-component activity for a reporting component that was partially converted to UFMS in FY 2018, DOJ personnel generated a report that did not capture $180 million of intra-component activity for elimination in its June 30, 2018 interim financial statements. DOJ personnel corrected this matter in its FY 2018 financial statements.

- Accounting for and reporting of downward adjustments of prior year obligations: Due to a configuration issue in FY 2018, UFMS recorded invalid downward adjustments to prior year obligations related to certain payroll transactions. DOJ personnel attempted to correct these transactions in its June 30, 2018 interim financial statements, but recorded the correcting entry in error, which misstated the DOJ's recoveries by $104 million. DOJ personnel corrected this matter in its FY 2018 financial statements.

Our observations indicate that the Department needs to enhance its monitoring activities of its financial statement preparation and review controls. As a result, transactions and processes at certain component organizations affected by the conversion to UFMS are not receiving an appropriate level of attention, on a proactive basis, to enable the proper and consistent reporting of the Department's daily activities. Consequently, errors or a combination of errors in the financial statements could go undetected.

Recommendations:

We recommend that the Department:

1. Establish and document Fund Balance with Treasury reconciliation policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner. *(New)*

   Management Response:
   Management concurs with the recommendation and is in the process of implementing key organizational and process changes to enhance internal controls over the Fund Balance with Treasury (FBWT) reconciliation process. These changes include additional resources, implementation of and updates to an automated reconciliation tool; as well as enhanced preparation, review and monitoring processes. We will continue to document our FBWT policy and procedures to ensure that all reconciliations are properly completed and supported in a timely manner.

2. Enhance controls over the review and approval of fund designations for converted funds in UFMS. *(New)*

   Management Response:
   Management concurs with the recommendation and will continue to enhance and document our processes and procedures; ensure that the reconciliation, review, and approval process for the conversion of funds in UFMS is complete, accurate and timely. We will continue to ensure that the correct designation is applied to the converted funds in UFMS and all discrepancies are identified, researched and resolved timely.

3. Revise its training processes associated with the generation of reports and queries in UFMS. *(New)*

   Management Response:
   Management concurs with this recommendation. Process based UFMS production training is an integral part of our UFMS business transformation process. As such we provide pre-implementation training such as UFMS learning labs, UFMS familiarization sessions and specific process based training at 3, 6, and 9 month marks prior to implementation. Ongoing process based training is provided on a monthly basis for new and current users. Generation and application of UFMS reports and queries is included in every UFMS process based training. Additionally, we will continue offering a separate UFMS reports and queries course throughout the year.

   An additional method for obtaining reports on UFMS data is the Justice Enterprise Data Integration (JEDI) tool. We will further develop and enhance accounting reports to facilitate monitoring and reconciliations. We will also continue to provide JEDI training on obtaining financial management reports for OBDs accounting staff.

4. Enhance the DOJ's level of supervisory review over journal entries, with an emphasis on a more robust review of underlying data and the general ledger accounts affected by the journal entry. *(New)*

   Management Response:
   Management concurs with the recommendation and we are in the process of adding senior manager positions to perform additional monitoring and oversight. We will also enhance our review process to include analyzing related general ledger accounts.

5. Assess reconciliation, financial reporting review, and other monitoring controls at certain OBD components, and identify those areas where the component management could increase the rigor and precision of those controls. *(New)*

Management Response:
Management concurs with the finding and will enhance our internal control review and assessment process to identify areas where OBD component management can increase the rigor and precision of financial management and reporting controls. We will review, assess, and monitor controls in place at certain OBD components to ensure OBD management is performing adequate oversight.

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Principal Financial Statements and Related Notes

See Independent Auditors' Report

U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2018 and 2017

Dollars in Thousands		2018		2017
ASSETS (Note 2)				
Intragovernmental				
Fund Balance with Treasury (Note 3)	$	39,381,023	$	42,967,217
Investments (Note 5)		7,720,266		6,707,819
Accounts Receivable (Note 6)		720,357		633,814
Other Assets (Note 10)		196,702		167,638
Total Intragovernmental		48,018,348		50,476,488
Cash and Other Monetary Assets (Note 4)		188,960		498,093
Accounts Receivable, Net (Note 6)		181,729		297,074
Inventory and Related Property, Net (Note 7)		150,809		145,786
Forfeited Property, Net (Note 8)		146,296		112,178
General Property, Plant and Equipment, Net (Note 9)		8,586,026		8,765,528
Advances and Prepayments		256,973		355,143
Other Assets (Note 10)		1,910		3,512
Total Assets	**$**	**57,531,051**	**$**	**60,653,802**
LIABILITIES (Note 11)				
Intragovernmental				
Accounts Payable	$	243,959	$	360,858
Accrued Federal Employees' Compensation Act Liabilities		276,690		278,407
Custodial Liabilities (Note 21)		1,727,417		2,561,643
Other Liabilities (Note 15)		353,454		376,419
Total Intragovernmental		2,601,520		3,577,327
Accounts Payable		5,105,977		5,996,230
Accrued Grant Liabilities		540,400		414,286
Actuarial Federal Employees' Compensation Act Liabilities		1,835,943		1,785,919
Accrued Payroll and Benefits		469,750		468,990
Accrued Annual and Compensatory Leave Liabilities		896,885		872,085
Environmental and Disposal Liabilities (Note 12)		76,789		75,361
Deferred Revenue		750,518		698,594
Seized Cash and Monetary Instruments (Note 14)		1,440,444		1,544,366
Contingent Liabilities (Note 16)		88,953		50,338
Radiation Exposure Compensation Act Liabilities (Note 25)		250,421		252,401
September 11th Victim Compensation Fund Liabilities (Note 25)		3,174,391		4,419,221
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)		1,192,751		738,182
Other Liabilities (Note 15)		512,041		482,533
Total Liabilities	**$**	**18,936,783**	**$**	**21,375,833**
NET POSITION				
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$	72,459	$	74,314
Unexpended Appropriations - All Other Funds		16,265,939		15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)		17,733,869		20,038,128
Cumulative Results of Operations - All Other Funds		4,522,001		3,682,261
Total Net Position	**$**	**38,594,268**	**$**	**39,277,969**
Total Liabilities and Net Position	**$**	**57,531,051**	**$**	**60,653,802**

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, 2018 and 2017

Dollars in Thousands

		Gross Costs			Less: Earned Revenues			Net Cost of
	FY	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Operations (Note 18)
Goal 1	**2018**	$ 1,705,356	$ 4,588,607	$ 6,293,963	$ 274,870	$ 10,703	$ 285,573	$ 6,008,390
	2017	$ 1,638,689	$ 4,697,643	$ 6,336,332	$ 280,191	$ 9,258	$ 289,449	$ 6,046,883
Goal 2	**2018**	185,557	529,196	714,753	11,277	502	11,779	702,974
	2017	251,910	420,158	672,068	26,409	-	26,409	645,659
Goal 3	**2018**	5,414,347	19,602,649	25,016,996	1,027,121	1,014,167	2,041,288	22,975,708
	2017	5,122,133	18,182,313	23,304,446	748,541	956,488	1,705,029	21,599,417
Goal 4	**2018**	1,070,997	4,572,336	5,643,333	90,233	883,314	973,547	4,669,786
	2017	1,250,780	4,482,127	5,732,907	181,396	632,600	813,996	4,918,911
Total	**2018**	**$ 8,376,257**	**$ 29,292,788**	**$ 37,669,045**	**$ 1,403,501**	**$ 1,908,686**	**$ 3,312,187**	**$ 34,356,858**
	2017	**$ 8,263,512**	**$ 27,782,241**	**$ 36,045,753**	**$ 1,236,537**	**$ 1,598,346**	**$ 2,834,883**	**$ 33,210,870**

Goal 1 Enhance National Security and Counter the Threat of Terrorism
Goal 2 Secure the Borders and Enhance Immigration Enforcement and Adjudication
Goal 3 Reduce Violent Crime and Promote Public Safety
Goal 4 Promote Rule of Law, Integrity, and Good Government

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 Year Ended September 30, 2018

	2018			
	Funds from Dedicated Collections	**All Other Funds**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 74,314**	**$ 15,483,266**	**$ -**	**$ 15,557,580**
Budgetary Financing Sources				
Appropriations Received	32,054	30,403,384	-	30,435,438
Appropriations Transferred-In/Out	-	985,768	-	985,768
Other Adjustments	-	(141,532)	-	(141,532)
Appropriations Used	(33,909)	(30,464,947)	-	(30,498,856)
Total Budgetary Financing Sources	**(1,855)**	**782,673**	**-**	**780,818**
Unexpended Appropriations	**$ 72,459**	**$ 16,265,939**	**$ -**	**$ 16,338,398**
Cumulative Results of Operations				
Beginning Balances	**$ 20,038,128**	**$ 3,682,261**	**$ -**	**$ 23,720,389**
Budgetary Financing Sources				
Other Adjustments	(304,000)	(228,768)	-	(532,768)
Appropriations Used	33,909	30,464,947	-	30,498,856
Nonexchange Revenues	549,017	444,100	-	993,117
Donations and Forfeitures of Cash and Cash Equivalents	1,072,488	9,275	-	1,081,763
Transfers-In/Out Without Reimbursement	(492,000)	266,204	-	(225,796)
Other Financing Sources				
Donations and Forfeitures of Property	203,682	1	-	203,683
Transfers-In/Out Without Reimbursement	(3,880)	12,905	-	9,025
Imputed Financing (Note 19)	33,803	858,173	(18,440)	873,536
Other Financing Sources	-	(9,077)	-	(9,077)
Total Financing Sources	**1,093,019**	**31,817,760**	**(18,440)**	**32,892,339**
Net Cost of Operations	**(3,397,278)**	**(30,978,020)**	**18,440**	**(34,356,858)**
Net Change	(2,304,259)	839,740	-	(1,464,519)
Cumulative Results of Operations	**$ 17,733,869**	**$ 4,522,001**	**$ -**	**$ 22,255,870**
Net Position	**$ 17,806,328**	**$ 20,787,940**	**$ -**	**$ 38,594,268**

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 Year Ended September 30, 2017

	2017			
	Funds from Dedicated Collections	**All Other Funds**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 19,512**	**$ 10,234,782**	**$ (383,748)**	**$ 9,870,546**
Budgetary Financing Sources				
Appropriations Received	104,820	35,359,148	-	35,463,968
Appropriations Transferred-In/Out	-	866,784	383,748	1,250,532
Other Adjustments	-	(177,123)	-	(177,123)
Appropriations Used	(50,018)	(30,800,325)	-	(30,850,343)
Total Budgetary Financing Sources	**54,802**	**5,248,484**	**383,748**	**5,687,034**
Unexpended Appropriations	**$ 74,314**	**$ 15,483,266**	**$ -**	**$ 15,557,580**
Cumulative Results of Operations				
Beginning Balances	**$ 14,788,764**	**$ 2,401,556**	**$ 383,748**	**$ 17,574,068**
Budgetary Financing Sources				
Other Adjustments	-	(641,196)	-	(641,196)
Appropriations Used	50,018	30,800,325	-	30,850,343
Nonexchange Revenues	6,642,025	515,263	-	7,157,288
Donations and Forfeitures of Cash and Cash Equivalents	1,216,430	162,002	-	1,378,432
Transfers-In/Out Without Reimbursement	(527,196)	414,547	(383,748)	(496,397)
Other Financing Sources				
Donations and Forfeitures of Property	369,992	15	-	370,007
Transfers-In/Out Without Reimbursement	(3,017)	24,185	-	21,168
Imputed Financing (Note 19)	24,380	719,829	(18,507)	725,702
Other Financing Sources	(2)	(8,154)	-	(8,156)
Total Financing Sources	**7,772,630**	**31,986,816**	**(402,255)**	**39,357,191**
Net Cost of Operations	**(2,523,266)**	**(30,706,111)**	**18,507**	**(33,210,870)**
Net Change	**5,249,364**	**1,280,705**	**(383,748)**	**6,146,321**
Cumulative Results of Operations	**$ 20,038,128**	**$ 3,682,261**	**$ -**	**$ 23,720,389**
Net Position	**$ 20,112,442**	**$ 19,165,527**	**$ -**	**$ 39,277,969**

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, 2018 and 2017

Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	$ 13,028,302	$ 7,651,774
Appropriations (discretionary and mandatory)	37,640,790	40,788,752
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,543,646	5,527,517
Total Budgetary Resources	**$ 56,212,738**	**$ 53,968,043**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total) (Note 20)	$ 44,172,778	$ 41,885,462
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	10,243,853	10,764,924
Exempt from Apportionment, Unexpired Accounts	226,832	216,924
Unapportioned, Unexpired Accounts	680,004	306,436
Unexpired Unobligated Balance, End of Year	11,150,689	11,288,284
Expired Unobligated Balance, End of Year	889,271	794,297
Unobligated Balance - End of Year (Total)	12,039,960	12,082,581
Total Status of Budgetary Resources	**$ 56,212,738**	**$ 53,968,043**
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	$ 35,374,822	$ 34,513,286
Less: Distributed Offsetting Receipts	795,707	668,308
Agency Outlays, Net (discretionary and mandatory)	**$ 34,579,115**	**$ 33,844,978**

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, 2018 and 2017

Revenue Activity		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	$ 13,993,171	$ 14,457,265
Fees and Licenses	61,371	49,670
Miscellaneous	413	621
Total Cash Collections	14,054,955	14,507,556
Accrual Adjustments	2,913	1,309
Total Custodial Revenue (Note 21)	14,057,868	14,508,865
Disposition of Collections		
Transferred to Federal Agencies		
Library of Congress	(94)	-
U.S. Department of Agriculture	(41,549)	(89,477)
U.S. Department of Commerce	(7,166)	(13,116)
U.S. Department of the Interior	(281,347)	(581,891)
U.S. Department of Justice	(26,335)	(43,576)
U.S. Department of Labor	(4,017)	(3,524)
U.S. Postal Service	(3,993)	(3,039)
U.S. Department of State	(2,538)	(954)
U.S. Department of the Treasury	(877,450)	(999,755)
Office of Personnel Management	(2,649)	(3,741)
National Credit Union Administration	-	(40)
Federal Communications Commission	(580)	(8,127)
Social Security Administration	(1,126)	(527)
U.S. Department of Veterans Affairs	(48,055)	(82,240)
Equal Employment Opportunity Commission	(3)	-
General Services Administration	(50,901)	(25,707)
Securities and Exchange Commission	(181)	(52)
Federal Deposit Insurance Corporation	(64)	(44)
Railroad Retirement Board	(419)	(525)
Tennessee Valley Authority	(3,526)	-
Environmental Protection Agency	(119,956)	(1,637,315)
U.S. Department of Transportation	(9,327)	(21,464)
U.S. Department of Homeland Security	(208,402)	(186,848)
Agency for International Development	(2,104)	(1,565)
Small Business Administration	(12,881)	(7,387)
U.S. Department of Health and Human Services	(807,686)	(1,083,580)
National Aeronautics and Space Administration	(556)	(908)
Export-Import Bank of the United States	(1,491)	(1,307)
U.S. Department of Housing and Urban Development	(271,315)	(204,517)
U.S. Department of Energy	(6,384)	(65,394)
U.S. Department of Education	(46,060)	(24,841)
Independent Agencies	(225,500)	(58,518)
Treasury General Fund	(11,008,533)	(6,796,992)
U.S. Department of Defense	(121,112)	(132,403)
Transferred to the Public	(306,206)	(416,983)
(Increase)/Decrease in Amounts Yet to be Transferred	871,079	(1,630,036)
Refunds and Other Payments	(6,807)	(30,604)
Retained by the Reporting Entity	(422,634)	(351,868)
Total Disposition Of Collections	(14,057,868)	(14,508,865)
Net Custodial Activity	$ -	$ -

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 Department of Justice (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)

These notes are an integral part of the financial statements.

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

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 Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. 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, Inventory and Related Property, Other Assets, Federal Employee and Veteran Benefits and Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the Consolidated Balance Sheets. These include Forfeited Property, Net; Advances and Prepayments; Accrued Grant Liabilities; Accrued Federal Employees' Compensation Act (FECA) Liabilities; Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Deferred Revenue; Seized Cash and Monetary Instruments; Contingent Liabilities; Radiation Exposure Compensation Act (RECA) Liabilities; September 11th Victim Compensation Fund Liabilities; and United States Victims of State Sponsored Terrorism Act Liabilities (USVSST Fund).

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 2018 and 2017, 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.

Custodial activity reported on the Combined Statements of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments may be necessary to adjust cash collections and refund disbursements.

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

D. Basis of Accounting (continued)

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.

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/SADF, the U.S. Trustee System Fund, and the Federal Prison Commissary Fund are three 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.

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

G. Investments (continued)

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 states that the USVSST Fund shall be invested in the same manner as a trust fund and authorizes the Treasury to manage the investment of the USVSST Fund. The Department of Justice notifies the Treasury promptly of amounts deposited to the USVSST Fund in order to ensure that Treasury may invest such receipts in the account. Treasury, in its administrative discretion, determines how the USVSST Fund will be invested, to ensure that the securities purchased for the USVSST Fund will have maturities suitable to the needs of the USVSST Fund. Interest revenue on investments will be reported on an accrual basis but all other activity in the USVSST Fund will be reported on a cash basis.

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and the public, less the allowance for doubtful accounts. All intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year-end.

I. Inventory and Related Property

Inventory is maintained 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. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete 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)

J. General Property, Plant and Equipment

Capitalization of general property, plant and equipment (PP&E) occurs when the initial cost of acquiring or improving the 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	$ 250
Personal Property	$ 50
Aircraft	$ 100
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 general 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 Prisons Industries, Inc., a revolving fund, exercised this option and established a threshold to capitalize personal property acquisition costs exceeding $10. The Federal Bureau of Prisons was granted a waiver capitalizing real property acquisition costs equal to or exceeding $100.

Depreciation or amortization of general 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 fair 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)

L. Forfeited and Seized Property (continued)

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

Asset Type	Valuation Documentation
Cash/Currency, Monetary Instruments	Copy of Check, Brinks Receipt, Electronic Funds Transfer, Wire Confirmation
Financial Instruments	Web-based, financial market, account statement, other source in accordance with DOJ policy
Vehicles	National Automobile Dealers Association or Kelly Blue Book value in accordance with DOJ policy
Real Property	Real Property Appraisal/Broker's Price Opinion
Other Valued Assets	Professional appraisal, 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, 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.

M. 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 in 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.

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

N. 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.

O. Contingencies and Commitments

The Department is involved in various administrative proceedings, legal actions, and claims. The Consolidated Balance Sheets include an estimated liability for those legal actions where management and the Chief Counsel consider adverse decisions "probable" and amounts are reasonably estimable. Legal actions where management and the Chief Counsel consider adverse decisions "probable" or "reasonably possible" and the amounts are reasonably estimable are disclosed in 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".

P. Annual, Sick, and Other Leave

Annual and compensatory 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 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.

Q. 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.

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

R. 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 13.7% of the gross pay for regular employees and 30.1% 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 11.9% of the gross pay for regular employees and 28.4% 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 11.9% of the gross pay for regular employees and 28.4% for law enforcement officers.

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). Statement of Federal Financial Accounting Standards (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.

S. 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 attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

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

S. Federal Employee Compensation Benefits (continued)

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.

T. Intragovernmental Activity

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public 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 "with the public" 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 public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

U. 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.

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

U. Revenues and Other Financing Sources (continued)

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 and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes licenses with 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.

V. Funds from Dedicated Collections

SFFAS No. 27*, Identifying and Reporting Earmarked Funds,* as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* (SFFAS No. 27, as amended), 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

These notes are an integral part of the financial statements.

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

V. Funds from Dedicated Collections (continued)

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: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Domestic Trafficking Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

W. 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's guidance, 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 Crime Victims Fund 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 P.L. 111-117 and P.L. 112-74. Per OMB 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 allocated 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.

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

W. Allocation Transfer of Appropriation (continued)

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.

X. 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.

Y. 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.

Z. Reclassifications

The FY 2017 financial statements, related notes, and RSI were reclassified to conform to the Department's FY 2018 financial statement presentation. The Department has realigned its Statement of Net Cost and Note 18, Net Cost of Operations by Suborganization, to align to the revised goal structure in the Department's FY 2018 - 2022 Strategic Plan. In addition, changes to the presentation of the Combined and Combining Statements of Budgetary Resources were made in accordance with OMB Circular A-136. As such, activity and balances reported on the FY 2017 Combined and Combining Statements of Budgetary Resources have been reclassified to conform to the current year presentation.

These reclassifications have no effect on total assets, liabilities, net position, change in net position or budgetary resources, as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2018 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.

These notes are an integral part of the financial statements.

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

Note 2. Non-Entity Assets

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Fund Balance with Treasury	$ 1,868,897	$ 2,729,218
Investments	1,323,500	1,123,000
Total Intragovernmental	3,192,397	3,852,218
With the Public		
Cash and Other Monetary Assets	143,163	454,471
Accounts Receivable, Net	7,949	5,273
Total With the Public	151,112	459,744
Total Non-Entity Assets	3,343,509	4,311,962
Total Entity Assets	54,187,542	56,341,840
Total Assets	$ 57,531,051	$ 60,653,802

These notes are an integral part of the financial statements.

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

Note 3. Fund Balance with Treasury

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

As of September 30, 2018 and 2017

	2018	2017
Status of Fund Balances		
Unobligated Balance - Available	$ 9,915,783	$ 10,276,053
Unobligated Balance - Available in Subsequent Periods	554,902	705,795
Unobligated Balance - Unavailable	1,569,275	1,100,733
Obligated Balance not yet Disbursed	22,518,084	20,222,426
Non-Budgetary Fund Balance with Treasury	4,818,293	10,657,311
Total Status of Fund Balances	$ 39,376,337	$ 42,962,318

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.

Unobligated Balance - Available in Subsequent Periods includes amounts apportioned for future fiscal years that are available for obligation in a subsequent period (apportioned as Category C).

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.

For the fiscal years ended September 30, 2018 and 2017, the respective immaterial variances of $4,686 and $4,899 between Fund Balance with U.S. Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances.

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

Note 4. Cash and Other Monetary Assets

As of September 30, 2018 and 2017

	2018	2017
Cash		
Undeposited Collections	$ 48	$ 186
Imprest Funds	45,764	43,622
Seized Cash Deposited	46,643	365,644
Other	31,337	32,919
Total Cash	123,792	442,371
Other Monetary Assets		
Seized Monetary Instruments	65,168	55,722
Total Other Monetary Assets	65,168	55,722
Total Cash and Other Monetary Assets	$ 188,960	$ 498,093

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

Note 5. Investments

	Cost	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value Disclosure
As of September 30, 2018					
Intragovernmental					
Non-Marketable Securities					
Market Based	$ 7,639,765	$ 79,349	$ 1,152	$ 7,720,266	$ 7,486,654
As of September 30, 2017					
Intragovernmental					
Non-Marketable Securities					
Market Based	$ 6,672,146	$ 34,940	$ 733	$ 6,707,819	$ 6,705,241

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

Note 6. Accounts Receivable, Net

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Accounts Receivable	$ 720,357	$ 633,814
Total Intragovernmental	720,357	633,814
With the Public		
Accounts Receivable	192,327	310,749
Allowance for Uncollectible Accounts	(10,598)	(13,675)
Total With the Public	181,729	297,074
Total Accounts Receivable, Net	$ 902,086	$ 930,888

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

The accounts receivable with the public primarily consists of U.S. Victims of State Sponsored Terrorism Fund (USVSST Fund), OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, and FBI National Name Check Program.

Note 7. Inventory and Related Property, Net

As of September 30, 2018 and 2017

	2018	2017
Inventory		
Raw Materials	$ 63,618	$ 48,816
Work in Process	24,122	22,388
Finished Goods	25,818	26,930
Inventory Purchased for Resale	19,011	19,131
Excess, Obsolete, and Unserviceable	11,318	18,136
Inventory Allowance	(3,205)	(10,245)
Operating Materials and Supplies		
Held for Current Use	10,127	20,630
Total Inventory and Related Property, Net	$ 150,809	$ 145,786

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

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 and asset group 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.

Method of Disposition of Forfeited Property:

For the year ended September 30, 2018 and 2017, $93,513 and $93,127 of forfeited property were sold, $641 and $1,610 were destroyed or donated, $18,000 and $7,328 were returned to owners, and $113,856 and $276,279 were disposed of by other means, respectively. 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.

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

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

For the Fiscal Year Ended September 30, 2018

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	280	487	794	(1,106)	455	-	455
	Value	$ 4,896	$ 3,803	$ 116,785	$ (113,094)	$ 12,390	$ (26)	$ 12,364
Real Property	Number	302	(9)	276	(266)	303	-	303
	Value	$ 74,794	$ 6,251	$ 102,903	$ (77,405)	$ 106,543	$ (10,557)	$ 95,986
Personal Property	Number	2,723	153	3,374	(3,356)	2,894	-	2,894
	Value	$ 34,010	$ (5,410)	$ 45,668	$ (35,511)	$ 38,757	$ (811)	$ 37,946
Non-Valued Firearms	Number	28,557	868	20,868	(17,349)	32,944	-	32,944
Total	Number	31,862	1,499	25,312	(22,077)	36,596	-	36,596
	Value	$ 113,700	$ 4,644	$ 265,356	$ (226,010)	$ 157,690	$ (11,394)	$ 146,296

For the Fiscal Year Ended September 30, 2017

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	333	418	566	(1,037)	280	-	280
	Value	$ 3,078	$ 3,910	$ 270,066	$ (272,158)	$ 4,896	$ (64)	$ 4,832
Real Property	Number	387	1	257	(343)	302	-	302
	Value	$ 71,878	$ 4,701	$ 73,492	$ (75,277)	$ 74,794	$ (1,419)	$ 73,375
Personal Property	Number	2,725	138	3,107	(3,247)	2,723	-	2,723
	Value	$ 38,038	$ (3,165)	$ 30,046	$ (30,909)	$ 34,010	$ (39)	$ 33,971
Non-Valued Firearms	Number	27,999	(513)	15,807	(14,736)	28,557	-	28,557
Total	Number	31,444	44	19,737	(19,363)	31,862	-	31,862
	Value	$ 112,994	$ 5,446	$ 373,604	$ (378,344)	$ 113,700	$ (1,522)	$ 112,178

(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. Valuation changes occur primarily due to changes in appraisals.

These notes are an integral part of the financial statements.

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

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

Analysis of Change in Seized Property:

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.

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, 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, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

Adjustments include property status and asset group 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.

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release 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.

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

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

“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, 2018 and 2017, $1,111,380 and $1,116,411 of seized property were forfeited, $82,471 and $59,420 were returned to parties with a bonafide interest, and $14,858 and $8,114 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)

For the Fiscal Year Ended September 30, 2018

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number	10,467	736	9,171	(9,055)	11,319	-	11,319
	Value	$ 1,501,023	$ 29,484	$ 913,725	$ (1,058,485)	$ 1,385,747	$ (240,175)	$ 1,145,572
Financial Instruments	Number	671	(45)	388	(521)	493	-	493
	Value	$ 202,666	$ (8,007)	$ 132,328	$ (35,367)	$ 291,620	(30,703)	$ 260,917
Real Property	Number	85	11	116	(109)	103	-	103
	Value	$ 34,411	$ (7,369)	$ 47,982	$ (37,959)	$ 37,065	(14,194)	$ 22,871
Personal Property	Number	5,402	612	3,626	(4,352)	5,288	-	5,288
	Value	$ 137,820	$ (19,246)	$ 123,461	$ (68,253)	$ 173,782	(80,384)	$ 93,398
Non-Valued Firearms	Number	$ 26,981	$ 931	$ 21,668	$ (23,362)	26,218	-	26,218
Total	Number	43,606	2,245	34,969	(37,399)	43,421	-	43,421
	Value	$ 1,875,920	$ (5,138)	$ 1,217,496	$ (1,200,064)	$ 1,888,214	$ (365,456)	$ 1,522,758

For the Fiscal Year Ended September 30, 2017

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number	10,225	576	7,599	(7,933)	10,467	-	10,467
	Value	$ 1,217,222	$ 15,867	$ 1,351,072	$ (1,083,138)	$ 1,501,023	$ (258,350)	$ 1,242,673
Financial Instruments	Number	416	143	356	(244)	671	-	671
	Value	$ 178,963	$ (63)	$ 33,684	$ (9,918)	$ 202,666	$ (20,141)	$ 182,525
Real Property	Number	83	(17)	102	(83)	85	-	85
	Value	$ 16,085	$ (38)	$ 45,917	$ (27,553)	$ 34,411	$ (14,791)	$ 19,620
Personal Property	Number	5,261	533	3,785	(4,177)	5,402	-	5,402
	Value	$ 113,135	$ (8,212)	$ 87,973	$ (55,076)	$ 137,820	$ (39,365)	$ 98,455
Non-Valued Firearms	Number	22,775	3,228	19,729	(18,751)	26,981	-	26,981
Total	Number	38,760	4,463	31,571	(31,188)	43,606	-	43,606
	Value	$ 1,525,405	$ 7,554	$ 1,518,646	$ (1,175,685)	$ 1,875,920	$ (332,647)	$ 1,543,273

(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. Valuation changes occur primarily due to changes in appraisals.

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

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

For the Fiscal Year Ended September 30, 2018

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 43,343	$ (7,284)	$ 20,836	$ (7,331)	$ 49,564
Personal Property	Number	328	(11)	95	(62)	350
	Value	$ 5,298	$ (627)	$ 2,810	$ (1,314)	$ 6,167
Non-Valued						
Firearms	Number	55,879	(1,598)	15,948	(10,233)	59,996
Drug Evidence						
Cocaine	KG	74,448	449	111,581	(99,423)	87,055
Heroin	KG	5,851	22	1,769	(1,322)	6,320
Marijuana	KG	9,157	104	878	(1,852)	8,287
Bulk Drug Evidence	KG	108,538	(2,147)	227,811	(249,451)	84,751
Methamphetamine	KG	19,089	226	9,444	(5,193)	23,566
Other	KG	14,669	(64)	1,730	(2,312)	14,023
Total Drug Evidence	KG	231,752	(1,410)	353,213	(359,553)	224,002

For the Fiscal Year Ended September 30, 2017

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 41,444	$ (6,122)	$ 14,971	$ (6,950)	$ 43,343
Personal Property	Number	358	(21)	84	(93)	328
	Value	$ 4,812	$ (183)	$ 1,979	$ (1,310)	$ 5,298
Non-Valued						
Firearms	Number	54,023	(686)	12,393	(9,851)	55,879
Drug Evidence						
Cocaine	KG	61,519	1,697	90,361	(79,129)	74,448
Heroin	KG	5,438	28	1,659	(1,274)	5,851
Marijuana	KG	10,313	(42)	866	(1,980)	9,157
Bulk Drug Evidence	KG	95,624	955	378,283	(366,324)	108,538
Methamphetamine	KG	16,742	127	6,647	(4,427)	19,089
Other	KG	15,579	45	1,820	(2,775)	14,669
Total Drug Evidence	KG	205,215	2,810	479,636	(455,909)	231,752

(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. Valuation changes occur primarily due to changes in appraisals.

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

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2018

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 184,715	$ -	$ 184,715	N/A
Construction in Progress	522,905	-	522,905	N/A
Buildings, Improvements and Renovations	11,680,306	(6,448,898)	5,231,408	2-50 yrs
Other Structures and Facilities	1,175,740	(748,206)	427,534	10-50 yrs
Aircraft	596,366	(239,839)	356,527	5-30 yrs
Boats	13,895	(6,419)	7,476	5-25 yrs
Vehicles	387,383	(271,686)	115,697	2-25 yrs
Equipment	1,514,730	(1,004,369)	510,361	2-25 yrs
Assets Under Capital Lease	90,247	(69,301)	20,946	2-30 yrs
Leasehold Improvements	1,975,528	(1,394,077)	581,451	2-20 yrs
Internal Use Software	2,239,729	(1,779,683)	460,046	2-10 yrs
Internal Use Software in Development	164,518	-	164,518	N/A
Other General Property, Plant and Equipment	3,237	(795)	2,442	10-20 yrs
Total	$ 20,549,299	$ (11,963,273)	$ 8,586,026	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2018	$ 162,855	$ 579,779	$ 742,634

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, 2017

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 184,715	$ -	$ 184,715	N/A
Construction in Progress	375,909	-	375,909	N/A
Buildings, Improvements and Renovations	11,615,934	(6,121,322)	5,494,612	2-50 yrs
Other Structures and Facilities	999,951	(669,880)	330,071	10-50 yrs
Aircraft	630,679	(241,536)	389,143	5-30 yrs
Boats	14,457	(6,435)	8,022	5-25 yrs
Vehicles	381,054	(265,540)	115,514	2-25 yrs
Equipment	1,415,739	(940,919)	474,820	2-25 yrs
Assets Under Capital Lease	90,268	(66,322)	23,946	2-30 yrs
Leasehold Improvements	1,879,158	(1,270,582)	608,576	2-20 yrs
Internal Use Software	2,134,576	(1,563,143)	571,433	2-10 yrs
Internal Use Software in Development	186,544	-	186,544	N/A
Other General Property, Plant and Equipment	3,013	(790)	2,223	10-20 yrs
Total	$ 19,911,997	$ (11,146,469)	$ 8,765,528	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2017	$ 232,294	$ 573,341	$ 805,635

Note 10. Other Assets

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Advances and Prepayments	$ 196,618	$ 167,433
Other Intragovernmental Assets	84	205
Total Intragovernmental	196,702	167,638
Other Assets With the Public	1,910	3,512
Total Other Assets	$ 198,612	$ 171,150

These notes are an integral part of the financial statements.

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

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Accrued FECA Liabilities	$ 273,786	$ 275,598
Other Unfunded Employment Related Liabilities	894	904
Other	1,700	2,106
Total Intragovernmental	276,380	278,608
With the Public		
Actuarial FECA Liabilities	1,835,943	1,785,919
Accrued Annual and Compensatory Leave Liabilities	888,877	864,163
Environmental and Disposal Liabilities (Note 12)	76,789	75,361
Deferred Revenue	603,519	585,572
Contingent Liabilities (Note 16)	88,953	50,338
Capital Lease Liabilities (Note 13)	38	76
Radiation Exposure Compensation Act Liabilities (Note 25)	250,421	252,401
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	25,696	215,909
Other	313,339	271,997
Total With the Public	4,083,575	4,101,736
Total Liabilities Not Covered by Budgetary Resources	4,359,955	4,380,344
Total Liabilities Covered by Budgetary Resources	11,144,009	12,625,450
Total Liabilities Not Requiring Budgetary Resources	3,432,819	4,370,039
Total Liabilities	$ 18,936,783	$ 21,375,833

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. 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. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations. 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, 2018 and 2017

	2018	2017
Firing Ranges		
Beginning Balance, Brought Forward	$ 32,027	$ 30,561
Future Funded Expenses	-	799
Inflation Adjustment	888	667
Total Firing Range Liability	32,915	32,027
Asbestos		
Beginning Balance, Brought Forward	$ 43,334	$ 39,826
New Asbestos	-	2,718
Abatements	(704)	(177)
Inflation Adjustment	1,177	900
Future Funded Expenses	67	67
Total Asbestos Liability	$ 43,874	$ 43,334
Total Environmental and Disposal Liabilities	$ 76,789	$ 75,361

Per SFFAS No. 5, *Accounting for Liabilities of the Federal Government*; SFFAS No. 6, *Accounting for Property, Plant, and Equipment*; Technical Release No. 2 *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*; Technical Release No. 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment;* and Technical Release 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 67 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, 2018 and 2017, the BOP reported the estimated firing range clean-up liability of $30,612 and $29,724, respectively.

The FBI-owned ranges in Quantico and El Toro contain possible contamination. 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 and has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size. As of September 30, 2018 and 2017, the FBI reported the estimated firing range clean-up liability of $2,303 and $2,303, respectively, based on the estimated costs for contamination remediation.

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 (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2018 and 2017, the BOP recorded an estimated asbestos clean-up liability of $40,544 and $40,072 respectively, a $472 increase in liability cost for asbestos from the previous year.

The FBI operates facilities in Quantico, Virginia that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 50 years. The estimated total asbestos liability over the 50 year useful life is $3,330, and is based on the square footage of the facilities that may be contaminated. This value, divided by the useful life and multiplied by the number of years in service, less any current year abatements and adjusted for inflation, is the estimated cleanup liability. As of September 30, 2018 and 2017, the FBI recognized the estimated cleanup liability of $3,330 and $3,262 respectively. The estimated asbestos cleanup liability is increased each quarter by recording future funded expenses for the asbestos clean-up costs.

There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2018.

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

Note 13. Leases

As of September 30, 2018

Intragovernmental

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2019	$ 369,038	-	$ 369,038
2020	376,353	-	376,353
2021	359,388	-	359,388
2022	344,495	-	344,495
2023	335,580	-	335,580
After 2023	2,845,075	-	2,845,075
Total Future Noncancelable Operating Lease Payments	$ 4,629,929	$ -	$ 4,629,929

Capital leases include a 25-year lease for a Federal Transfer Center in Oklahoma City, Oklahoma; and other machinery and equipment leases that expire over future periods.

With The Public

Capital Leases

	2018
Summary of Assets Under Capital Lease	
Land and Buildings	$ 89,652
Machinery and Equipment	595
Accumulated Amortization	(69,301)
Total Assets Under Capital Lease	$ 20,946

Future Capital Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2019	$ 38	$ -	$ 38
2020	-	38	38
2021	-	24	24
2022	-	7	7
2023	-	4	4
Total Future Capital Lease Payments	$ 38	$ 73	$ 111
Less: Imputed Interest	-	(34)	(34)
Less: Executory Costs	-	(4)	(4)
FY 2018 Net Capital Lease Liabilities	$ 38	$ 35	$ 73

	2018
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 35
Net Capital Lease Liabilities not Covered by Budgetary Resources	$ 38

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

Note 13. Leases (continued)

With The Public

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2019	$ 6,211	$ 7,476	$ 13,687
2020	5,878	133	6,011
2021	5,472	28	5,500
2022	4,778	-	4,778
2023	4,325	-	4,325
After 2023	9,399	-	9,399
Total Future Noncancelable Operating Lease Payments	$ 36,063	$ 7,637	$ 43,700

As of September 30, 2017

Capital Leases

	2017
Summary of Assets Under Capital Lease	
Land and Buildings	$ 89,652
Machinery and Equipment	616
Accumulated Amortization	(66,322)
Total Assets Under Capital Lease	$ 23,946

Future Capital Lease Payments Due

	Land and Buildings	Machinery and Equipment	Total
FY 2017 Net Capital Lease Liabilities	$ 76	$ 39	$ 115

	2017
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 39
Net Capital Lease Liabilities not Covered by Budgetary Resources	$ 76

The net capital lease liability not covered by budgetary resources primarily represents the capital lease of the Federal Transfer Center for which the Department received Congressional authority to fund with annual appropriations.

In FY 2018, Federal and non-Federal capital and operating lease have been presented separately to comply with OMB Circular A-136.

These notes are an integral part of the financial statements.

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, 2018 and 2017

	2018	2017
Investments	$ 1,323,500	$ 1,123,000
Seized Cash Deposited	46,643	365,644
Seized Monetary Instruments	65,168	55,722
Seized Cash in Transit to SADF	5,133	-
Total Seized Cash and Monetary Instruments	$ 1,440,444	$ 1,544,366

Note 15. Other Liabilities

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	$ 164,029	$ 164,266
Other Post-Employment Benefits Due and Payable	1,305	1,820
Other Unfunded Employment Related Liabilities	893	903
Advances from Others	174,753	188,047
Liability for Clearing Accounts	(988)	8,002
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	2,433	1,948
Other Liabilities	11,029	11,433
Total Intragovernmental	$ 353,454	$ 376,419
With the Public		
Other Accrued Liabilities	$ 16,319	$ 13,180
Advances from Others	11,297	8,505
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	93,116	79,391
Liability for Clearing Accounts	78	55
Custodial Liabilities	57,096	93,949
Capital Leases Liabilities	73	115
Other Liabilities	334,062	287,338
Total With the Public	$ 512,041	$ 482,533
Total Other Liabilities	$ 865,495	$ 858,952

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 with the Public are composed of future funded energy savings performance contracts and utilities. In addition, Other Liabilities with the Public 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 with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

Note 16. Contingencies and Commitments

	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
As of September 30, 2018			
Probable	$ 88,953	$ 88,953	$ 129,119
Reasonably Possible		43,892	148,515
As of September 30, 2017			
Probable	$ 50,338	$ 50,338	$ 80,737
Reasonably Possible		91,754	226,894

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, as amended, for the required criteria for funds from dedicated collections.

As of September 30, 2018

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet								
Assets								
Fund Balance with Treasury	$ 156,642	$ 127,166	$ 24,714	$ 16,632,646	$ 1,268	$ 285,802	$ 86,435	$ 17,314,673
Investments	4,931,211	-	-	-	-	-	-	4,931,211
Other Assets	162,057	93,535	1,329	27,182	-	8,067	25,124	317,294
Total Assets	$ 5,249,910	$ 220,701	$ 26,043	$ 16,659,828	$ 1,268	$ 293,869	$ 111,559	$ 22,563,178
Liabilities								
Accounts Payable	$ 3,568,945	$ 4,124	$ 13,788	$ 53,318	$ -	$ 11,774	$ 24,901	$ 3,676,850
Other Liabilities	157,407	17,209	12,942	252,941	-	628,009	11,492	1,080,000
Total Liabilities	$ 3,726,352	$ 21,333	$ 26,730	$ 306,259	$ -	$ 639,783	$ 36,393	$ 4,756,850
Net Position								
Unexpended Appropriations	$ -	$ 65,283	$ 7,176	$ -	$ -	$ -	$ -	$ 72,459
Cumulative Results of Operations	1,523,558	134,085	(7,863)	16,353,569	1,268	(345,914)	75,166	17,733,869
Total Net Position	$ 1,523,558	$ 199,368	$ (687)	$ 16,353,569	$ 1,268	$ (345,914)	$ 75,166	$ 17,806,328
Total Liabilities and Net Position	$ 5,249,910	$ 220,701	$ 26,043	$ 16,659,828	$ 1,268	$ 293,869	$ 111,559	$ 22,563,178

For the Fiscal Year Ended September 30, 2018

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost								
Gross Cost of Operations	$ 1,508,143	$ 214,812	$ 171,516	$ 1,928,590	$ -	$ 449,476	$ 350,104	$ 4,622,641
Less: Earned Revenues	22,253	323,016	133,688	-	-	393,581	352,825	1,225,363
Net Cost of Operations	$ 1,485,890	$ (108,204)	$ 37,828	$ 1,928,590	$ -	$ 55,895	$ (2,721)	$ 3,397,278
Statement of Changes in Net Position								
Net Position Beginning of Period	$ 1,935,830	$ 80,290	$ 1,529	$ 18,329,326	$ 483	$ (302,136)	$ 67,120	$ 20,112,442
Budgetary Financing Sources	871,365	522	32,054	(47,167)	785	-	-	857,559
Other Financing Sources	202,253	10,352	3,558	-	-	12,117	5,325	233,605
Total Financing Sources	1,073,618	10,874	35,612	(47,167)	785	12,117	5,325	1,091,164
Net Cost of Operations	(1,485,890)	108,204	(37,828)	(1,928,590)	-	(55,895)	2,721	(3,397,278)
Net Change	(412,272)	119,078	(2,216)	(1,975,757)	785	(43,778)	8,046	(2,306,114)
Net Position End of Period	$ 1,523,558	$ 199,368	$ (687)	$ 16,353,569	$ 1,268	$ (345,914)	$ 75,166	$ 17,806,328

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, 2017

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet								
Assets								
Fund Balance with Treasury	$ 1,389,918	$ 68,044	$ 20,312	$ 18,523,475	$ 483	$ 303,927	$ 62,469	$ 20,368,628
Investments	5,249,550	-	-	-	-	-	-	5,249,550
Other Assets	120,841	38,680	1,511	19,595	-	9,430	25,259	215,316
Total Assets	$ 6,760,309	$ 106,724	$ 21,823	$ 18,543,070	$ 483	$ 313,357	$ 87,728	$ 25,833,494
Liabilities								
Accounts Payable	$ 4,709,115	$ 8,681	$ 7,583	$ 62,235	$ -	$ 11,494	$ 9,185	$ 4,808,293
Other Liabilities	115,364	17,753	12,711	151,509	-	603,999	11,423	912,759
Total Liabilities	$ 4,824,479	$ 26,434	$ 20,294	$ 213,744	$ -	$ 615,493	$ 20,608	$ 5,721,052
Net Position								
Unexpended Appropriations	$ -	$ 65,283	$ 9,031	$ -	$ -	$ -	$ -	$ 74,314
Cumulative Results of Operations	1,935,830	15,007	(7,502)	18,329,326	483	(302,136)	67,120	20,038,128
Total Net Position	$ 1,935,830	$ 80,290	$ 1,529	$ 18,329,326	$ 483	$ (302,136)	$ 67,120	$ 20,112,442
Total Liabilities and Net Position	$ 6,760,309	$ 106,724	$ 21,823	$ 18,543,070	$ 483	$ 313,357	$ 87,728	$ 25,833,494

For the Fiscal Year Ended September 30, 2017

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost								
Gross Cost of Operations	$ 979,509	$ 227,579	$ 180,700	$ 1,404,505	$ -	$ 392,459	$ 355,925	$ 3,540,677
Less: Earned Revenues	14,723	152,701	125,682	-	-	380,531	343,774	1,017,411
Net Cost of Operations	$ 964,786	$ 74,878	$ 55,018	$ 1,404,505	$ -	$ 11,928	$ 12,151	$ 2,523,266
Statement of Changes in Net Position								
Net Position Beginning of Period	$ 1,460,226	$ 83,512	$ 12,810	$ 13,475,326	$ 131	$ (298,918)	$ 75,189	$ 14,808,276
Budgetary Financing Sources	1,072,102	65,583	39,537	6,258,505	352	-	-	7,436,079
Other Financing Sources	368,288	6,073	4,200	-	-	8,710	4,082	391,353
Total Financing Sources	1,440,390	71,656	43,737	6,258,505	352	8,710	4,082	7,827,432
Net Cost of Operations	(964,786)	(74,878)	(55,018)	(1,404,505)	-	(11,928)	(12,151)	(2,523,266)
Net Change	475,604	(3,222)	(11,281)	4,854,000	352	(3,218)	(8,069)	5,304,166
Net Position End of Period	$ 1,935,830	$ 80,290	$ 1,529	$ 18,329,326	$ 483	$ (302,136)	$ 67,120	$ 20,112,442

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 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. The Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Crime Victims Fund 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 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.

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

Note 17. Funds from Dedicated Collections (continued)

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.

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	$ 75,407	$ 453,768	$ -	$ 17,253	$ 5,051,842	$ -	$ 719,747	$ -	$ -	$ (24,054)	$ 6,293,963
Less: Earned Revenues	-	-	-	331	265,567	-	43,729	-	-	(24,054)	285,573
Net Cost of Operations	75,407	453,768	-	16,922	4,786,275	-	676,018	-	-	-	6,008,390
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	717,917	-	-	(3,164)	714,753
Less: Earned Revenues	-	-	-	-	-	-	14,943	-	-	(3,164)	11,779
Net Cost of Operations	-	-	-	-	-	-	702,974	-	-	-	702,974
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	1,357,329	964,257	7,904,656	2,950,417	2,533,000	664,728	2,514,418	3,362,650	3,428,040	(662,499)	25,016,996
Less: Earned Revenues	22,253	87,193	388,204	651,103	590,045	655,612	213,507	20,482	56,948	(644,059)	2,041,288
Net Cost of Operations	1,335,076	877,064	7,516,452	2,299,314	1,942,955	9,116	2,300,911	3,342,168	3,371,092	(18,440)	22,975,708
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	75,407	-	-	-	2,759,069	-	3,341,058	-	-	(532,201)	5,643,333
Less: Earned Revenues	-	-	-	-	69,304	-	1,436,444	-	-	(532,201)	973,547
Net Cost of Operations	75,407	-	-	-	2,689,765	-	1,904,614	-	-	-	4,669,786
Net Cost of Operations	$ 1,485,890	$ 1,330,832	$ 7,516,452	$ 2,316,236	$ 9,418,995	$ 9,116	$ 5,584,517	$ 3,342,168	$ 3,371,092	$ (18,440)	$ 34,356,858

For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	$ 48,975	$ 444,626	$ -	$ 25,344	$ 4,935,389	$ -	$ 916,086	$ -	$ -	$ (34,088)	$ 6,336,332
Less: Earned Revenues	-	-	-	4,311	308,814	-	10,412	-	-	(34,088)	289,449
Net Cost of Operations	48,975	444,626	-	21,033	4,626,575	-	905,674	-	-	-	6,046,883
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	679,430	-	-	(7,362)	672,068
Less: Earned Revenues	-	-	-	-	-	-	33,771	-	-	(7,362)	26,409
Net Cost of Operations	-	-	-	-	-	-	645,659	-	-	-	645,659
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	881,559	944,830	7,951,918	3,014,453	2,425,951	592,296	2,392,509	2,849,258	3,175,786	(924,114)	23,304,446
Less: Earned Revenues	14,723	91,448	370,622	797,326	581,390	586,650	88,012	24,479	55,986	(905,607)	1,705,029
Net Cost of Operations	866,836	853,382	7,581,296	2,217,127	1,844,561	5,646	2,304,497	2,824,779	3,119,800	(18,507)	21,599,417
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	48,975	-	-	-	2,823,812	-	3,391,612	-	-	(531,492)	5,732,907
Less: Earned Revenues	-	-	-	-	73,884	-	1,271,604	-	-	(531,492)	813,996
Net Cost of Operations	48,975	-	-	-	2,749,928	-	2,120,008	-	-	-	4,918,911
Net Cost of Operations	$ 964,786	$ 1,298,008	$ 7,581,296	$ 2,238,160	$ 9,221,064	$ 5,646	$ 5,975,838	$ 2,824,779	$ 3,119,800	$ (18,507)	$ 33,210,870

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. 55, Amending Inter-Entity Cost Provisions, the material Imputed Inter-Departmental financing sources currently recognized by the Department include 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 un-reimbursed payments made from the Treasury Judgment Fund on behalf of the Department. 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. Interpretation of Federal Financial Accounting Standards Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, 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	37.4%
	Regular Employees Offset	27.9%
	Law Enforcement Officers	62.0%
	Law Enforcement Officers Offset	53.2%

Federal Employees Retirement System (FERS)	Regular Employees	16.2%
	Regular Employees – Revised Annuity Employees (RAE)	16.7%
	Regular Employees – Further Revised Annuity Employees (FRAE)	16.9%
	Law Enforcement Officers	33.8%
	Law Enforcement Officers – RAE	34.3%
	Law Enforcement Officers – FRAE	34.5%

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 (continued)

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.

For the Fiscal Year Ended September 30, 2018 and 2017

	2018	2017
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 23,132	$ 21,373
Health Insurance	715,386	543,105
Life Insurance	2,192	2,175
Pension	132,826	159,049
Total Imputed Inter-Departmental	$ 873,536	$ 725,702

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 FYs 2018 and 2017, the FPI imputed costs were $18,440 and $18,507, respectively.

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

Note 20. Information Related to the Statement of Budgetary Resources

Apportionment Categories of New Obligations and Upward Adjustments:

	Direct New Obligations and Upward Adjustments	Reimbursable New Obligations and Upward Adjustments	Total New Obligations and Upward Adjustments
For the Fiscal Year Ended September 30, 2018			
Apportioned Under			
Category A	$ 36,450,539	$ 3,904,319	$ 40,354,858
Category B	2,556,072	263,643	2,819,715
Exempt from Apportionment	344,390	653,815	998,205
Total	$ 39,351,001	$ 4,821,777	$ 44,172,778
For the Fiscal Year Ended September 30, 2017			
Apportioned Under			
Category A	$ 33,287,769	$ 4,167,011	$ 37,454,780
Category B	3,164,431	283,322	3,447,753
Exempt from Apportionment	350,110	632,819	982,929
Total	$ 36,802,310	$ 5,083,152	$ 41,885,462

The apportionment categories are determined in accordance with the guidance provided in Part 4 "Instructions on Budget Execution" of OMB Circular A-11, *Preparation, Submission and Execution of the Budget.* Category A represents resources apportioned for calendar quarters. Category B represents resources apportioned for activities, projects, and objectives or for a combination thereof. Exempt from apportionment represents resources not apportioned for either current or future fiscal years use.

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, 2018	2018
Intragovernmental	
UDO Obligations Unpaid	$ 76,868
UDO Obligations Prepaid/Advanced	159,486
Total Intragovernmental	$ 236,354
With The Public	
UDO Obligations Unpaid	$ 11,467,944
UDO Obligations Prepaid/Advanced	289,901
Total With the Public	$ 11,757,845
Total UDO	$ 11,994,199

As of September 30, 2017	2017
UDO Obligations Unpaid	$ 14,110,025
UDO Obligations Prepaid/Advanced	535,512
Total UDO	$ 14,645,537

In FY 2018, Federal and non-Federal undelivered orders have been presented separately to comply with OMB Circular A-136.

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.

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

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

Permanent Indefinite Appropriations (continued):

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, 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 of Justice 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, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 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.

- 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 BOP Trust Fund is a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.

- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 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, 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.

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

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

Permanent Indefinite Appropriations (continued):

- Congress established a permanent indefinite appropriation in the Department's 1988 appropriations act that provides for payment of "all necessary expenses of investigations and prosecutions by independent counsel" appointed under either the now-expired independent counsel provisions of the Ethics in Government Act of 1978, "or other law." See 28 USC § 591 note. The Deputy Attorney General appointed Special Counsel Robert Mueller under "other" legal authority (28 U.S.C. §§ 509, 510 and 515), which allows the Department to use this appropriation for all costs incurred by the Special Counsel's activities under his appointment.

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, 2017 is presented below. The reconciliation as of September 30, 2018 is not presented, because the submission of the Budget of the United States (Budget) for FY 2020, which presents the execution of the FY 2018 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website and will be available in early February 2019.

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

For the Fiscal Year Ended September 30, 2017
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	$ 53,968	$ 41,885	$ 668	$ 33,845
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, & USMS	(913)	(129)	-	-
USMS Court Security Funds	(497)	(485)	-	(455)
Distributed Offsetting Receipts	-	-	-	49
Special and Trust Fund Receipts	-	-	-	621
Other	(10)	(8)	(1)	(3)
Budget of the United States Government	$ 52,548	$ 41,263	$ 667	$ 34,057

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) using the modified cash accounting basis. 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 negligible custodial collections occur for interest, fines, and penalties. Lastly, the DCM processed collections of criminal funds related to the Department's Swiss Bank Program. The proceeds from the Swiss Bank Program were deposited to the Treasury General Fund. On December 29, 2016, the Justice Department announced that it had reached the final resolutions under the Swiss Bank Program; the program is no longer operational as of September 30, 2017.

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, inmate's funds whose whereabouts are unknown and excess meal ticket collections. These collections were incidental to the BOP's mission.

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.

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

Note 21. Custodial Revenues (continued)

As of September 30, 2018 and 2017, the Department reported total custodial revenue on the SCA in the amounts of $14,057,868 and $14,508,865, respectively. The custodial revenue represented $14,054,955 and $14,507,556 in custodial collections and $2,913 and $1,309 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, 2018 and 2017, the assets and liabilities related to custodial activity were $1,784,513 and $2,655,592, respectively. As of September 30, 2018 and 2017, the total funds returned to the Treasury General Fund were $(11,008,533) and $(6,796,992).

Note 22. OMB Circular A-136 Consolidated Balance Sheet Presentation

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2018 and 2017

Dollars in Thousands		2018		2017
ASSETS				
Intragovernmental				
Fund Balance with Treasury	$	39,381,023	$	42,967,217
Investments		7,720,266		6,707,819
Accounts Receivable		720,357		633,814
Other Assets		196,702		167,638
Total Intragovernmental		48,018,348		50,476,488
Cash and Other Monetary Assets		188,960		498,093
Accounts Receivable, Net		181,729		297,074
Inventory and Related Property, Net		297,105		257,964
General Property, Plant and Equipment, Net		8,586,026		8,765,528
Other Assets		258,883		358,655
Total Assets	**$**	**57,531,051**	**$**	**60,653,802**
LIABILITIES				
Intragovernmental				
Accounts Payable	$	243,959	$	360,858
Other Liabilities		2,357,561		3,216,469
Total Intragovernmental		2,601,520		3,577,327
Accounts Payable		5,105,977		5,996,230
Actuarial Federal Employees' Compensation Act Liabilities		1,835,943		1,785,919
Environmental and Disposal Liabilities		76,789		75,361
Other Liabilities		9,316,554		9,940,996
Total Liabilities	**$**	**18,936,783**	**$**	**21,375,833**
NET POSITION				
Unexpended Appropriations - Funds from Dedicated Collections	$	72,459	$	74,314
Unexpended Appropriations - All Other Funds		16,265,939		15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections		17,733,869		20,038,128
Cumulative Results of Operations - All Other Funds		4,522,001		3,682,261
Total Net Position	**$**	**38,594,268**	**$**	**39,277,969**
Total Liabilities and Net Position	**$**	**57,531,051**	**$**	**60,653,802**

These notes are an integral part of the financial statements.

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

Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget

For the Fiscal Year Ended September 30, 2018 and 2017

	2018	2017
Resources Used to Finance Activities		
Budgetary Resources Obligated		
New Obligations and Upward Adjustments	$ 44,172,778	$ 41,885,462
Less: Spending Authority from Offsetting Collections and Recoveries	6,502,291	7,012,222
Obligations Net of Offsetting Collections and Recoveries	37,670,487	34,873,240
Less: Offsetting Receipts	836,520	677,131
Net Obligations	36,833,967	34,196,109
Other Resources		
Donations and Forfeitures of Property	203,683	370,007
Transfers-In/Out Without Reimbursement	9,025	21,168
Imputed Financing (Note 19)	873,536	725,702
Other	(9,077)	(8,156)
Net Other Resources Used to Finance Activities	1,077,167	1,108,721
Total Resources Used to Finance Activities	37,911,134	35,304,830
Resources Used to Finance Items not Part of the Net Cost of Operations		
Net Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	(3,206,086)	(1,006,078)
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(1,248,758)	(2,105,271)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(98,495)	(312,406)
Resources That Finance the Acquisition of Assets	(769,986)	(824,898)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	158,425	110,607
Total Resources Used to Finance Items not Part of the Net Cost of Operations	(5,164,900)	(4,138,046)
Total Resources Used to Finance the Net Cost of Operations	$ 32,746,234	$ 31,166,784
Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period		
Components That will Require or Generate Resources in in Future Periods (Note 24)	$ 563,105	$ 891,445
Depreciation and Amortization	928,143	979,012
Revaluation of Assets or Liabilities	23,013	17,399
Other	96,363	156,230
Total Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period	$ 1,610,624	$ 2,044,086
Net Cost of Operations	$ 34,356,858	$ 33,210,870

These notes are an integral part of the financial statements.

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

Note 24. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is no certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling $4,359,955 and $4,380,344 as of September 30, 2018 and 2017, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources.* Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Year Ended September 30, 2018 and 2017

	2018	2017
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Accrued Annual and Compensatory Leave Liabilities - Trust Fund	$ (88)	$ (173)
Decrease in Liabiltites Not Covered by Budgetary Resources:		
Decrease in Accrued FECA Liabilities	(1,812)	(3,810)
Decrease in Unfunded Capital Lease Liabilities	(38)	(21)
Decrease in Radiation Exposure Compensation Act Liabilities	(1,980)	(77,093)
Decrease in September 11th Victim Compensation Act Liabilities	-	(998,975)
Decrease in United States Victims of State Sponsored Terrorism Act Liabilities	-	(1,025,000)
Decrease in Other Unfunded Employment Related Liabilities	(10)	(199)
Total Decrease in Liabilities Not Covered by Budgetary Resources	(3,840)	(2,105,098)
Decrease in Liabilities Covered by Budgetary Resources		
Decrease in September 11th Victim Compensation Act Liabilities	(1,244,830)	-
Total Decrease in Liabilities Covered by Budgetary Resources	(1,244,830)	-
Total Resources that Fund Expenses Recognized in Prior Periods	$ (1,248,758)	$ (2,105,271)
Components That Will Require or Generate Resources in Future Periods		
(Increase)/Decrease in Exchange Revenue Receivable from the Public	$ (64,980)	$ 335
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	(147)	8,333
Increase in Liabilities Not Covered by Budgetary Resources:		
Increase in Actuarial FECA Liabilities	50,024	60,381
Increase in Accrued Annual and Compensatory Leave Liabilities	24,714	1,053
Increase in Environmental and Disposal Liabilities	1,428	4,974
Increase in Deferred Revenue	17,947	21,684
Increase in Contingent Liabilities	38,615	9,907
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	-	215,909
Increase in Other Liabilities	40,936	46,596
Total Increase in Liabilities Not Covered by Budgetary Resources	173,664	360,504
Increase in Liabilities Covered by Budgetary Resources:		
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	454,568	522,273
Total Increase in Liabilities Covered by Budgetary Resources	454,568	522,273
Total Components that Will Require or Generate Resources in Future Periods	$ 563,105	$ 891,445

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

Radiation Exposure Compensation Act
On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 note (2012), 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 Radiation Exposure Compensation Act Amendments of 2000, P.L. 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 2000 Amendments, the Department was directed to issue implementing regulations. The Department published two related rulemakings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rulemakings. 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 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 $250,421 and $252,401 for estimated future benefits payable by the Department as of September 30, 2018 and 2017, respectively, from FY 2019 through FY 2023. The estimated liability is based on activity between FYs 2007-2018. 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. In FY 2018, based on the approach used in FY 2017, DOJ refined the approach for selecting the adjudication rate assumptions.

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 (continued)

United States Victims of State Sponsored Terrorism Fund
The Consolidated Appropriations Act of 2016, Public Law 114-113 ("Justice for United States Victims of State Sponsored Terrorism Act"), codified at 34 U.S.C. § 20144 (formerly codified at 42 U.S.C. § 10609) (2015) (the "Act"), established the U.S. Victims of State Sponsored Terrorism Fund ("USVSST Fund") to provide compensation to individuals harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSST Fund 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 Act mandates that certain forfeiture proceeds, penalties, and fines be deposited into the USVSST Fund 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 USVSST Fund 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.

As of September 30, 2018 and September 30, 2017, the USVSST Fund recognized liabilities for future claims amounted to $1.193 billion and $738.0 million, respectively.

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 extended the time for individuals to submit new claims – as well as amendments on existing claims – until December 18, 2020, and increased total funding by an additional $4.600 billion. The additional funding became available in October 2016. The Reauthorized Zadroga Act also made changes to the method in which the fund calculates awards for claimants receiving award determination letters dated on or after December 18, 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.

As of September 30, 2018 and September 30, 2017, the funded liabilities were $3.174 billion and $4.419 billion, respectively.

Required Supplementary Information
Unaudited

See Independent Auditors' Report

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2018

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)	$ 1,390,425	$ 229,664	$ 794,050	$ 631,050	$ 2,357,815	$ 175,867	$ 6,633,882	$ 558,904	$ 256,645	$ 13,028,302
Appropriations (discretionary and mandatory)	1,353,853	1,301,023	7,325,571	2,642,199	9,267,056	-	6,304,821	6,030,459	3,415,808	37,640,790
Spending Authority from Offsetting Collections (discretionary and mandatory)	16,857	67,815	378,241	242,599	1,084,008	655,075	2,743,015	263,426	92,610	5,543,646
Total Budgetary Resources	$ 2,761,135	$ 1,598,502	$ 8,497,862	$ 3,515,848	$ 12,708,879	$ 830,942	$ 15,681,718	$ 6,852,789	$ 3,765,063	$ 56,212,738
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total) (Note 20)	$ 1,560,266	$ 1,396,655	$ 7,494,105	$ 3,059,411	$ 10,408,254	$ 653,815	$ 9,832,697	$ 6,166,883	$ 3,600,692	$ 44,172,778
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,188,275	187,066	806,464	438,002	1,813,520	-	4,991,152	685,319	134,055	10,243,853
Exempt from Apportionment, Unexpired Accounts	-	-	49,705	-	-	177,127	-	-	-	226,832
Unapportioned, Unexpired Accounts	12,594	4	-	363	11,305	-	651,364	587	3,787	680,004
Unexpired Unobligated Balance, End of Year	1,200,869	187,070	856,169	438,365	1,824,825	177,127	5,642,516	685,906	137,842	11,150,689
Expired Unobligated Balance, End of Year	-	14,777	147,588	18,072	475,800	-	206,505	-	26,529	889,271
Unobligated Balance - End of Year (Total)	1,200,869	201,847	1,003,757	456,437	2,300,625	177,127	5,849,021	685,906	164,371	12,039,960
Total Status of Budgetary Resources	**$ 2,761,135**	**$ 1,598,502**	**$ 8,497,862**	**$ 3,515,848**	**$ 12,708,879**	**$ 830,942**	**$ 15,681,718**	**$ 6,852,789**	**$ 3,765,063**	**$ 56,212,738**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,607,980	$ 1,264,053	$ 6,784,879	$ 2,595,656	$ 8,795,237	$ 35,710	$ 6,806,826	$ 3,197,526	$ 3,286,955	$ 35,374,822
Less: Distributed Offsetting Receipts	62,064	292	1,686	411,566	(9,734)	-	329,551	-	282	795,707
Agency Outlays, Net (discretionary and mandatory)	**$ 2,545,916**	**$ 1,263,761**	**$ 6,783,193**	**$ 2,184,090**	**$ 8,804,971**	**$ 35,710**	**$ 6,477,275**	**$ 3,197,526**	**$ 3,286,673**	**$ 34,579,115**

U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2017

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)	$ 1,060,076	$ 215,820	$ 703,319	$ 685,625	$ 2,433,055	$ 161,633	$ 1,907,330	$ 258,662	$ 226,254	$ 7,651,774
Appropriations (discretionary and mandatory)	1,572,338	1,258,924	7,135,400	2,514,496	8,997,756	-	12,122,353	4,014,493	3,172,992	40,788,752
Spending Authority from Offsetting Collections (discretionary and mandatory)	18,354	124,963	381,703	430,406	1,047,522	647,053	2,528,056	256,964	92,496	5,527,517
Total Budgetary Resources	$ 2,650,768	$ 1,599,707	$ 8,220,422	$ 3,630,527	$ 12,478,333	$ 808,686	$ 16,557,739	$ 4,530,119	$ 3,491,742	$ 53,968,043
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total) (Note 20)	$ 1,347,936	$ 1,410,774	$ 7,429,241	$ 3,111,221	$ 10,312,562	$ 632,819	$ 10,227,909	$ 4,124,171	$ 3,288,829	$ 41,885,462
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,302,832	179,415	661,446	492,769	1,702,175	-	5,897,216	354,337	174,734	10,764,924
Exempt from Apportionment, Unexpired Accounts	-	-	41,057	-	-	175,867	-	-	-	216,924
Unapportioned, Unexpired Accounts	-	4	(8,127)	3,440	16,262	-	242,834	51,605	418	306,436
Unexpired Unobligated Balance, End of Year	1,302,832	179,419	694,376	496,209	1,718,437	175,867	6,140,050	405,942	175,152	11,288,284
Expired Unobligated Balance, End of Year	-	9,514	96,805	23,097	447,334	-	189,780	6	27,761	794,297
Unobligated Balance - End of Year (Total)	1,302,832	188,933	791,181	519,306	2,165,771	175,867	6,329,830	405,948	202,913	12,082,581
Total Status of Budgetary Resources	**$ 2,650,768**	**$ 1,599,707**	**$ 8,220,422**	**$ 3,630,527**	**$ 12,478,333**	**$ 808,686**	**$ 16,557,739**	**$ 4,530,119**	**$ 3,491,742**	**$ 53,968,043**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 1,070,803	$ 1,258,980	$ 7,047,667	$ 2,529,194	$ 8,932,522	$ (71,459)	$ 7,506,797	$ 3,121,737	$ 3,117,045	$ 34,513,286
Less: Distributed Offsetting Receipts	48,045	649	(6,271)	403,026	12,279	-	210,580	-	-	668,308
Agency Outlays, Net (discretionary and mandatory)	**$ 1,022,758**	**$ 1,258,331**	**$ 7,053,938**	**$ 2,126,168**	**$ 8,920,243**	**$ (71,459)**	**$ 7,296,217**	**$ 3,121,737**	**$ 3,117,045**	**$ 33,844,978**

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Required Supplementary Stewardship Information
Unaudited

See Independent Auditors' Report

U.S. Department of Justice
Office of Justice Programs
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For Fiscal Years Ended September 30, 2018, 2017, 2016, 2015 and 2014

The Bureau of Justice Assistance administers the Tribal Justice Systems Infrastructure Program (TJSIP)[1] and the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) incentive grant programs. Both programs provide grants for the purposes of building and expanding correctional facilities and jails to increase secure confinement space for violent offenders and implementing correctional alternatives to reduce reliance on incarceration. VOI/TIS funds are available to any of the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and recognized Tribal governments; while TJSIP funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the TJSIP grant program scope to include multi-purpose justice centers. The facilities built or expanded with these funds constitute non-federal physical property. Upon completion, the Bureau of Indian Affairs of the Department of Interior, and/or tribal grantees are responsible for supporting, operating, and maintaining the correctional facilities.

The TJSIP strategy broadly addresses tribal justice systems and lends support to tribes that:

- Are interested in establishing/enhancing (tribal/non-tribal) multi-agency cooperation and collaborations;
- Are committed to conducting community-wide assessment for the purpose of developing a comprehensive master plan that encompasses the design, use, capacity, and cost of adult and/or juvenile justice sanctions and services;
- Wish to explore an array of detention and correctional building options, including prototypical or quasi-prototypical concepts/designs for local correctional facilities, multipurpose justice centers, and regional facilities; and
- Are interested in learning about/applying community-based alternatives to help control and prevent jail overcrowding due to growing problems involving alcohol, substance abuse, and methamphetamine.

TJSIP and VOI/TIS funds from fiscal years 2014 through September 30, 2018, are as follows:

Dollars in Thousands	2018	2017	2016	2015	2014
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	$ 8,229	$ 4,721	$ 8,572	$ 16,118	$ 39,431
Grants to States	(300)	-	-	(84)	(12)
Total Non-Federal Physical Property	$ 7,929	$ 4,721	$ 8,572	$ 16,034	$ 39,419

[1] The TJSIP was previously known as Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL).

Other Information
Unaudited

See Independent Auditors' Report

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	$ 156,642	$ 419,370	$ 2,087,125	$ 1,092,007	$ 4,922,248	$ 14,996	$ 9,127,632	$ 20,618,019	$ 942,984	$ -	$ 39,381,023
Investments	6,254,711	-	-	-	-	305,535	1,160,020	-	-	-	7,720,266
Accounts Receivable	13,993	39,633	6,280	42,051	412,866	27,613	686,688	11,965	8,246	(528,978)	720,357
Other Assets	-	444	13,778	20,739	24,870	-	1,347	138,656	1,023	(4,155)	196,702
Total Intragovernmental	6,425,346	459,447	2,107,183	1,154,797	5,359,984	348,144	10,975,687	20,768,640	952,253	(533,133)	48,018,348
Cash and Other Monetary Assets	62,247	9,747	408	24,820	91,687	-	51	-	-	-	188,960
Accounts Receivable, Net	-	165	9,863	5,141	33,246	5,373	125,023	1,741	1,177	-	181,729
Inventory and Related Property, Net	-	-	19,011	7,270	-	121,671	-	-	2,857	-	150,809
Forfeited Property, Net	146,296	-	-	-	-	-	-	-	-	-	146,296
General Property, Plant and Equipment, Net	1,767	158,332	4,887,582	252,052	2,743,307	51,066	124,442	8,949	358,529	-	8,586,026
Advances and Prepayments	-	643	4,769	454	77,217	6,406	86	167,398	-	-	256,973
Other Assets	1	1	-	-	-	1,724	-	-	184	-	1,910
Total Assets	**$ 6,635,657**	**$ 628,335**	**$ 7,028,816**	**$ 1,444,534**	**$ 8,305,441**	**$ 534,384**	**$ 11,225,289**	**$ 20,946,728**	**$ 1,315,000**	**$ (533,133)**	**$ 57,531,051**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 67,420	$ 45,560	$ 126,620	$ 76,370	$ 204,477	$ 4,033	$ 166,267	$ 32,557	$ 48,357	$ (527,702)	$ 243,959
Accrued FECA Liabilities	-	20,502	170,690	23,996	34,090	1,674	8,590	16	17,132	-	276,690
Custodial Liabilities	-	1	-	4,848	1,592	-	1,720,976	-	-	-	1,727,417
Other Liabilities	471	8,710	50,912	15,423	116,259	112,242	37,729	8,103	9,036	(5,431)	353,454
Total Intragovernmental	67,891	74,773	348,222	120,637	356,418	117,949	1,933,562	40,676	74,525	(533,133)	$ 2,601,520
Accounts Payable	3,501,525	30,338	346,516	77,158	387,293	42,490	342,614	76,126	301,917	-	5,105,977
Accrued Grant Liabilities	-	-	-	-	-	-	90,763	449,637	-	-	540,400
Actuarial FECA Liabilities	-	135,493	1,134,980	161,379	217,008	21,297	58,199	184	107,403	-	1,835,943
Accrued Payroll and Benefits	2,343	24,117	113,487	42,390	158,674	3,805	96,606	4,058	24,270	-	469,750
Accrued Annual and Compensatory Leave Liabilities	3,164	54,832	176,553	104,995	314,545	4,548	184,365	7,853	46,030	-	896,885
Environmental and Disposal Liabilities	-	-	71,156	-	5,633	-	-	-	-	-	76,789
Deferred Revenue	146,296	-	703	603,519	-	-	-	-	-	-	750,518
Seized Cash and Monetary Instruments	1,390,880	2,708	-	471	46,385	-	-	-	-	-	1,440,444
Contingent Liabilities	-	-	44,599	36,185	5,169	500	2,500	-	-	-	88,953
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	250,421	-	-	-	250,421
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	3,174,391	-	-	-	3,174,391
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	1,192,751	-	-	-	1,192,751
Other Liabilities	-	1,073	398,922	20,827	24,277	35	53,781	-	13,126	-	512,041
Total Liabilities	**$ 5,112,099**	**$ 323,334**	**$ 2,635,138**	**$ 1,167,561**	**$ 1,515,402**	**$ 190,624**	**$ 7,379,953**	**$ 578,534**	**$ 567,271**	**$ (533,133)**	**$ 18,936,783**
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 72,459		$ -	$ -	$ 72,459
Unexpended Appropriations - All Other Funds	-	181,691	1,341,274	452,154	3,518,062	-	6,270,555	4,006,370	495,833	-	16,265,939
Cumulative Results of Operations - Funds from Dedicated Collections	1,523,558	-	75,166	(345,914)	-	-	126,222	16,354,837	-	-	17,733,869
Cumulative Results of Operations - All Other Funds	-	123,310	2,977,238	170,733	3,271,977	343,760	(2,623,900)	6,987	251,896	-	4,522,001
Total Net Position	**$ 1,523,558**	**$ 305,001**	**$ 4,393,678**	**$ 276,973**	**$ 6,790,039**	**$ 343,760**	**$ 3,845,336**	**$ 20,368,194**	**$ 747,729**	**$ -**	**$ 38,594,268**
Total Liabilities and Net Position	**$ 6,635,657**	**$ 628,335**	**$ 7,028,816**	**$ 1,444,534**	**$ 8,305,441**	**$ 534,384**	**$ 11,225,289**	**$ 20,946,728**	**$ 1,315,000**	**$ (533,133)**	**$ 57,531,051**

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	$ 1,389,918	$ 382,809	$ 1,543,720	$ 1,045,372	$ 4,471,449	$ 20,733	$ 11,595,217	$ 21,695,906	$ 822,093	$ -	$ 42,967,217
Investments	6,372,550	-	-	-	-	335,269	-	-	-	-	6,707,819
Accounts Receivable	6,188	35,966	4,783	45,914	472,806	30,114	429,520	9,112	11,587	(412,176)	633,814
Other Assets	111	566	12,148	18,542	29,059	-	22,133	110,962	1,025	(26,908)	167,638
Total Intragovernmental	7,768,767	419,341	1,560,651	1,109,828	4,973,314	386,116	12,046,870	21,815,980	834,705	(439,084)	50,476,488
Cash and Other Monetary Assets	378,023	9,639	405	25,306	84,674	-	46	-	-	-	498,093
Accounts Receivable, Net	-	121	4,343	2,980	30,368	4,987	252,897	1,304	74	-	297,074
Inventory and Related Property, Net	-	-	19,131	17,252	-	106,025	-	-	3,378	-	145,786
Forfeited Property, Net	112,178	-	-	-	-	-	-	-	-	-	112,178
General Property, Plant and Equipment, Net	2,363	155,587	5,113,385	256,899	2,742,297	52,941	118,081	10,309	313,666	-	8,765,528
Advances and Prepayments	-	1,599	3,162	893	94,324	8,199	94	246,872	-	-	355,143
Other Assets	1	1	-	-	-	3,326	-	-	184	-	3,512
Total Assets	**$ 8,261,332**	**$ 586,288**	**$ 6,701,077**	**$ 1,413,158**	**$ 7,924,977**	**$ 561,594**	**$ 12,417,988**	**$ 22,074,465**	**$ 1,152,007**	**$ (439,084)**	**$ 60,653,802**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 145,246	$ 17,511	$ 32,249	$ 40,041	$ 175,487	$ 2,820	$ 274,288	$ 49,285	$ 34,312	$ (410,381)	$ 360,858
Accrued FECA Liabilities	-	20,564	171,961	25,645	33,049	1,690	9,139	15	16,344	-	278,407
Custodial Liabilities	-	1	-	2,649	999	-	2,557,994	-	-	-	2,561,643
Other Liabilities	297	8,630	53,526	15,028	114,131	139,690	39,960	24,864	8,996	(28,703)	376,419
Total Intragovernmental	145,543	46,706	257,736	83,363	323,666	144,200	2,881,381	74,164	59,652	(439,084)	3,577,327
Accounts Payable	4,563,869	38,591	292,718	94,452	341,195	55,961	300,289	71,690	237,465	-	5,996,230
Accrued Grant Liabilities	-	-	-	-	-	-	83,286	331,000	-	-	414,286
Actuarial FECA Liabilities	-	130,134	1,107,469	161,129	203,492	23,653	57,773	83	102,186	-	1,785,919
Accrued Payroll and Benefits	1,101	23,703	115,376	43,033	158,380	3,564	95,633	4,173	24,027	-	468,990
Accrued Annual and Compensatory Leave Liabilities	1,788	50,711	177,332	102,619	308,006	4,374	174,012	7,914	45,329	-	872,085
Environmental and Disposal Liabilities	-	-	69,796	-	5,565	-	-	-	-	-	75,361
Deferred Revenue	112,178	-	844	585,572	-	-	-	-	-	-	698,594
Seized Cash and Monetary Instruments	1,501,023	2,762	-	507	40,074	-	-	-	-	-	1,544,366
Contingent Liabilities	-	-	15,224	32,705	1,659	-	750	-	-	-	50,338
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	252,401	-	-	-	252,401
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	4,419,221	-	-	-	4,419,221
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	738,182	-	-	-	738,182
Other Liabilities	-	1,848	348,969	17,403	21,921	39	83,528	-	8,825	-	482,533
Total Liabilities	**$ 6,325,502**	**$ 294,455**	**$ 2,385,464**	**$ 1,120,783**	**$ 1,403,958**	**$ 231,791**	**$ 9,086,456**	**$ 489,024**	**$ 477,484**	**$ (439,084)**	**$ 21,375,833**
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,314	$ -	$ -	$ -	$ 74,314
Unexpended Appropriations - All Other Funds	-	156,725	949,020	370,869	3,123,968	-	7,176,033	3,248,099	458,552	-	15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections	1,935,830	-	67,120	(302,136)	-	-	7,505	18,329,809	-	-	20,038,128
Cumulative Results of Operations - All Other Funds	-	135,108	3,299,473	223,642	3,397,051	329,803	(3,926,320)	7,533	215,971	-	3,682,261
Total Net Position	**$ 1,935,830**	**$ 291,833**	**$ 4,315,613**	**$ 292,375**	**$ 6,521,019**	**$ 329,803**	**$ 3,331,532**	**$ 21,585,441**	**$ 674,523**	**$ -**	**$ 39,277,969**
Total Liabilities and Net Position	**$ 8,261,332**	**$ 586,288**	**$ 6,701,077**	**$ 1,413,158**	**$ 7,924,977**	**$ 561,594**	**$ 12,417,988**	**$ 22,074,465**	**$ 1,152,007**	**$ (439,084)**	**$ 60,653,802**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	$ 10,828	$ 151,878	$ -	$ 4,607	$ 1,473,521	$ -	$ 88,576	$ -	$ -	$ (24,054)	$ 1,705,356
Gross Cost - With the Public	64,579	301,890	-	12,646	3,578,321	-	631,171	-	-	-	4,588,607
Subtotal Gross Costs	75,407	453,768	-	17,253	5,051,842	-	719,747	-	-	(24,054)	6,293,963
Earned Revenues - Intragovernmental	-	-	-	331	255,272	-	43,321	-	-	(24,054)	274,870
Earned Revenues - With the Public	-	-	-	-	10,295	-	408	-	-	-	10,703
Subtotal Earned Revenues	-	-	-	331	265,567	-	43,729	-	-	(24,054)	285,573
Subtotal Net Cost of Operations	$ 75,407	$ 453,768	$ -	$ 16,922	$ 4,786,275	$ -	$ 676,018	$ -	$ -	$ -	$ 6,008,390
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,721	$ -	$ -	$ (3,164)	$ 185,557
Gross Cost - With the Public	-	-	-	-	-	-	529,196	-	-	-	529,196
Subtotal Gross Costs	-	-	-	-	-	-	717,917	-	-	(3,164)	714,753
Earned Revenues - Intragovernmental	-	-	-	-	-	-	14,441	-	-	(3,164)	11,277
Earned Revenues - With the Public	-	-	-	-	-	-	502	-	-	-	502
Subtotal Earned Revenues	-	-	-	-	-	-	14,943	-	-	(3,164)	11,779
Subtotal Net Cost of Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ 702,974	$ -	$ -	$ -	$ 702,974
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	$ 194,905	$ 322,739	$ 1,926,536	$ 1,046,264	$ 596,183	$ 172,078	$ 964,896	$ 216,652	$ 636,593	$ (662,499)	$ 5,414,347
Gross Cost - With the Public	1,162,424	641,518	5,978,120	1,904,153	1,936,817	492,650	1,549,522	3,145,998	2,791,447	-	19,602,649
Subtotal Gross Costs	1,357,329	964,257	7,904,656	2,950,417	2,533,000	664,728	2,514,418	3,362,650	3,428,040	(662,499)	25,016,996
Earned Revenues - Intragovernmental	22,253	86,309	14,906	248,724	435,535	606,334	182,311	20,482	54,326	(644,059)	1,027,121
Earned Revenues - With the Public	-	884	373,298	402,379	154,510	49,278	31,196	-	2,622	-	1,014,167
Subtotal Earned Revenues	22,253	87,193	388,204	651,103	590,045	655,612	213,507	20,482	56,948	(644,059)	2,041,288
Subtotal Net Cost of Operations	$ 1,335,076	$ 877,064	$ 7,516,452	$ 2,299,314	$ 1,942,955	$ 9,116	$ 2,300,911	$ 3,342,168	$ 3,371,092	$ (18,440)	$ 22,975,708
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	$ 10,828	$ -	$ -	$ -	$ 853,289	$ -	$ 739,081	$ -	$ -	$ (532,201)	$ 1,070,997
Gross Cost - With the Public	64,579	-	-	-	1,905,780	-	2,601,977	-	-	-	4,572,336
Subtotal Gross Costs	75,407	-	-	-	2,759,069	-	3,341,058	-	-	(532,201)	5,643,333
Earned Revenues - Intragovernmental	-	-	-	-	65,792	-	556,642	-	-	(532,201)	90,233
Earned Revenues - With the Public	-	-	-	-	3,512	-	879,802	-	-	-	883,314
Subtotal Earned Revenues	-	-	-	-	69,304	-	1,436,444	-	-	(532,201)	973,547
Subtotal Net Cost of Operations	$ 75,407	$ -	$ -	$ -	$ 2,689,765	$ -	$ 1,904,614	$ -	$ -	$ -	$ 4,669,786
Total Net Cost of Operations	**$ 1,485,890**	**$ 1,330,832**	**$ 7,516,452**	**$ 2,316,236**	**$ 9,418,995**	**$ 9,116**	**$ 5,584,517**	**$ 3,342,168**	**$ 3,371,092**	**$ (18,440)**	**$ 34,356,858**

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	$ 25,638	$ 144,481	$ -	$ 4,957	$ 1,430,241	$ -	$ 67,460	$ -	$ -	$ (34,088)	$ 1,638,689
Gross Cost - With the Public	23,337	300,145	-	20,387	3,505,148	-	848,626	-	-	-	4,697,643
Subtotal Gross Costs	48,975	444,626	-	25,344	4,935,389	-	916,086	-	-	(34,088)	6,336,332
Earned Revenues - Intragovernmental	-	-	-	4,311	299,884	-	10,084	-	-	(34,088)	280,191
Earned Revenues - With the Public	-	-	-	-	8,930	-	328	-	-	-	9,258
Subtotal Earned Revenues	-	-	-	4,311	308,814	-	10,412	-	-	(34,088)	289,449
Subtotal Net Cost of Operations	$ 48,975	$ 444,626	$ -	$ 21,033	$ 4,626,575	$ -	$ 905,674	$ -	$ -	$ -	$ 6,046,883
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 259,272		$ -	$ (7,362)	$ 251,910
Gross Cost - With the Public	-	-	-	-	-	-	420,158		-	-	420,158
Subtotal Gross Costs	-	-	-	-	-	-	679,430	-	-	(7,362)	672,068
Earned Revenues - Intragovernmental	-	-	-	-	-	-	33,771		-	(7,362)	26,409
Earned Revenues - With the Public	-	-	-	-	-	-	-	-	-	-	-
Subtotal Earned Revenues	-	-	-	-	-	-	33,771	-	-	(7,362)	26,409
Subtotal Net Cost of Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ 645,659	$ -	$ -	$ -	$ 645,659
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	$ 461,480	$ 307,023	$ 1,863,646	$ 1,041,839	$ 576,035	$ 117,323	$ 860,667	$ 182,257	$ 635,977	$ (924,114)	$ 5,122,133
Gross Cost - With the Public	420,079	637,807	6,088,272	1,972,614	1,849,916	474,973	1,531,842	2,667,001	2,539,809	-	18,182,313
Subtotal Gross Costs	881,559	944,830	7,951,918	3,014,453	2,425,951	592,296	2,392,509	2,849,258	3,175,786	(924,114)	23,304,446
Earned Revenues - Intragovernmental	14,723	90,773	5,938	407,728	435,691	535,263	88,067	24,479	51,486	(905,607)	748,541
Earned Revenues - With the Public	-	675	364,684	389,598	145,699	51,387	(55)	-	4,500	-	956,488
Subtotal Earned Revenues	14,723	91,448	370,622	797,326	581,390	586,650	88,012	24,479	55,986	(905,607)	1,705,029
Subtotal Net Cost of Operations	$ 866,836	$ 853,382	$ 7,581,296	$ 2,217,127	$ 1,844,561	$ 5,646	$ 2,304,497	$ 2,824,779	$ 3,119,800	$ (18,507)	$ 21,599,417
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	$ 25,638	$ -	$ -	$ -	$ 873,308	$ -	$ 883,326	$ -	$ -	$ (531,492)	$ 1,250,780
Gross Cost - With the Public	23,337	-	-	-	1,950,504	-	2,508,286	-	-	-	4,482,127
Subtotal Gross Costs	48,975	-	-	-	2,823,812	-	3,391,612	-	-	(531,492)	5,732,907
Earned Revenues - Intragovernmental	-	-	-	-	71,089	-	641,799	-	-	(531,492)	181,396
Earned Revenues - With the Public	-	-	-	-	2,795	-	629,805	-	-	-	632,600
Subtotal Earned Revenues	-	-	-	-	73,884	-	1,271,604	-	-	(531,492)	813,996
Subtotal Net Cost of Operations	$ 48,975	$ -	$ -	$ -	$ 2,749,928	$ -	$ 2,120,008	$ -	$ -	$ -	$ 4,918,911
Total Net Cost of Operations	**$ 964,786**	**$ 1,298,008**	**$ 7,581,296**	**$ 2,238,160**	**$ 9,221,064**	**$ 5,646**	**$ 5,975,838**	**$ 2,824,779**	**$ 3,119,800**	**$ (18,507)**	**$ 33,210,870**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 74,314**	**$ -**	**$ -**	**$ -**	**$ 74,314**
All Other Funds	**-**	**156,725**	**949,020**	**370,869**	**3,123,968**	**-**	**7,176,033**	**3,248,099**	**458,552**	**-**	**15,483,266**
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	32,054	-	-	-	32,054
All Other Funds	-	1,293,776	7,325,571	2,201,826	9,421,402	-	5,068,986	2,188,431	2,903,392	-	30,403,384
Appropriations Transferred-In/Out											
All Other Funds	-	7,103	(6,399)	29,510	(27,229)	-	463,133	18,394	501,256	-	985,768
Other Adjustments											
All Other Funds	-	-	(134)	(109)	(54,353)	-	(45,981)	(40,805)	(150)	-	(141,532)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(33,909)	-	-	-	(33,909)
All Other Funds	-	(1,275,913)	(6,926,784)	(2,149,942)	(8,945,726)	-	(6,391,616)	(1,407,749)	(3,367,217)	-	(30,464,947)
Total Budgetary Financing Sources											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**(1,855)**	**-**	**-**	**-**	**(1,855)**
All Other Funds	**-**	**24,966**	**392,254**	**81,285**	**394,094**	**-**	**(905,478)**	**758,271**	**37,281**	**-**	**782,673**
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(1,855)	-	-	-	(1,855)
All Other Funds	-	24,966	392,254	81,285	394,094	-	(905,478)	758,271	37,281	-	782,673
Ending Balances											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**72,459**	**-**	**-**	**-**	**72,459**
All Other Funds	**-**	**181,691**	**1,341,274**	**452,154**	**3,518,062**	**-**	**6,270,555**	**4,006,370**	**495,833**	**-**	**16,265,939**
Total All Funds	**$ -**	**$ 181,691**	**$ 1,341,274**	**$ 452,154**	**$ 3,518,062**	**$ -**	**$ 6,343,014**	**$ 4,006,370**	**$ 495,833**	**$ -**	**$ 16,338,398**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2018

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	**$ 1,935,830**	**$ -**	**$ 67,120**	**$ (302,136)**	**$ -**	**$ -**	**$ 7,505**	**$ 18,329,809**	**$ -**	**$ -**	**$ 20,038,128**
All Other Funds	**-**	**135,108**	**3,299,473**	**223,642**	**3,397,051**	**329,803**	**(3,926,320)**	**7,533**	**215,971**	**-**	**3,682,261**
Budgetary Financing Sources											
Other Adjustments											
Funds from Dedicated Collections	(304,000)	-	-	-	-	-	-	-	-	-	(304,000)
All Other Funds	-	-	-	-	(74,000)	-	(154,768)	-	-	-	(228,768)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	33,909	-	-	-	33,909
All Other Funds	-	1,275,913	6,926,784	2,149,942	8,945,726	-	6,391,616	1,407,749	3,367,217	-	30,464,947
Nonexchange Revenues											
Funds from Dedicated Collections	102,877	-	-	-	-	-	522	445,618	-	-	549,017
All Other Funds	-	-	-	-	-	-	443,974	126	-	-	444,100
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,072,488	-	-	-	-	-	-	-	-	-	1,072,488
All Other Funds	-	-	-	-	-	-	9,275	-	-	-	9,275
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	-	-	-	-	-	-	-	(492,000)	-	-	(492,000)
All Other Funds	-	-	-	-	137,454	-	129,704	-	(954)	-	266,204
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	203,682	-	-	-	-	-	-	-	-	-	203,682
All Other Funds	-	-	1	-	-	-	-	-	-	-	1
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(3,880)	-	-	-	-	-	-	-	-	-	(3,880)
All Other Funds	-	621	7,150	(3,248)	12,722	-	(4,404)	-	64	-	12,905
Imputed Financing (Note 19)											
Funds from Dedicated Collections	2,451	-	5,325	12,117	-		13,910	-	-	-	33,803
All Other Funds	-	42,500	263,003	60,738	281,096	23,073	141,916	5,157	40,690	(18,440)	839,733
Other Financing Sources											
All Other Funds	-	-	-	-	(9,077)	-	-	-	-	-	(9,077)
Total Financing Sources											
Funds from Dedicated Collections	**1,073,618**	**-**	**5,325**	**12,117**	**-**	**-**	**48,341**	**(46,382)**	**-**	**-**	**1,093,019**
All Other Funds	**-**	**1,319,034**	**7,196,938**	**2,207,432**	**9,293,921**	**23,073**	**6,957,313**	**1,413,032**	**3,407,017**	**(18,440)**	**31,799,320**
Net Cost of Operations											
Funds from Dedicated Collections	(1,485,890)	-	2,721	(55,895)	-	-	70,376	(1,928,590)	-	-	(3,397,278)
All Other Funds	-	(1,330,832)	(7,519,173)	(2,260,341)	(9,418,995)	(9,116)	(5,654,893)	(1,413,578)	(3,371,092)	18,440	(30,959,580)
Net Change											
Funds from Dedicated Collections	(412,272)	-	8,046	(43,778)	-	-	118,717	(1,974,972)	-	-	(2,304,259)
All Other Funds	-	(11,798)	(322,235)	(52,909)	(125,074)	13,957	1,302,420	(546)	35,925	-	839,740
Ending Balances											
Funds from Dedicated Collections	**1,523,558**	**-**	**75,166**	**(345,914)**	**-**	**-**	**126,222**	**16,354,837**	**-**	**-**	**17,733,869**
All Other Funds	**-**	**123,310**	**2,977,238**	**170,733**	**3,271,977**	**343,760**	**(2,623,900)**	**6,987**	**251,896**	**-**	**4,522,001**
Total All Funds	**$ 1,523,558**	**$ 123,310**	**$ 3,052,404**	**$ (175,181)**	**$ 3,271,977**	**$ 343,760**	**$ (2,497,678)**	**$ 16,361,824**	**$ 251,896**	**$ -**	**$ 22,255,870**
Net Position - Funds from Dedicated Collections	**1,523,558**	**-**	**75,166**	**(345,914)**	**-**	**-**	**198,681**	**16,354,837**	**-**	**-**	**17,806,328**
Net Position - All Other Funds	**-**	**305,001**	**4,318,512**	**622,887**	**6,790,039**	**343,760**	**3,646,655**	**4,013,357**	**747,729**	**-**	**20,787,940**
Net Position - Total	**$ 1,523,558**	**$ 305,001**	**$ 4,393,678**	**$ 276,973**	**$ 6,790,039**	**$ 343,760**	**$ 3,845,336**	**$ 20,368,194**	**$ 747,729**	**$ -**	**$ 38,594,268**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 19,512**		**$ -**	**$ -**	**$ 19,512**
All Other Funds	**-**	**145,777**	**$ 887,347**	**385,282**	**2,798,520**	**-**	**2,658,653**	**2,918,297**	**440,906**	**(383,748)**	**9,851,034**
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	104,820	-	-	-	104,820
All Other Funds	-	1,258,600	7,138,800	2,102,976	9,006,379	-	11,393,826	1,745,113	2,713,454	-	35,359,148
Appropriations Transferred-In/Out											
All Other Funds	-	(3,689)	(61,026)	23,922	165,741	-	229,394	50,754	461,688	383,748	1,250,532
Other Adjustments											
All Other Funds	-	-	(3,567)	(12,197)	(51,705)	-	(34,624)	(50,925)	(24,105)	-	(177,123)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(50,018)	-	-	-	(50,018)
All Other Funds	-	(1,243,963)	(7,012,534)	(2,129,114)	(8,794,967)	-	(7,071,216)	(1,415,140)	(3,133,391)	-	(30,800,325)
Total Budgetary Financing Sources											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**54,802**	**-**	**-**	**-**	**54,802**
All Other Funds	**-**	**10,948**	**61,673**	**(14,413)**	**325,448**	**-**	**4,517,380**	**329,802**	**17,646**	**383,748**	**5,632,232**
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	54,802	-	-	-	54,802
All Other Funds	-	10,948	61,673	(14,413)	325,448	-	4,517,380	329,802	17,646	383,748	5,632,232
Ending Balances											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**74,314**	**-**	**-**	**-**	**74,314**
All Other Funds	**-**	**156,725**	**949,020**	**370,869**	**3,123,968**	**-**	**7,176,033**	**3,248,099**	**458,552**	**-**	**15,483,266**
Total All Funds	**$ -**	**$ 156,725**	**$ 949,020**	**$ 370,869**	**$ 3,123,968**	**$ -**	**$ 7,250,347**	**$ 3,248,099**	**$ 458,552**	**$ -**	**$ 15,557,580**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2017

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	**$ 1,460,226**	**$ -**	**$ 75,189**	**$ (298,918)**	**$ -**	**$ -**	**$ 76,810**	**$ 13,475,457**	**$ -**	**$ -**	**$ 14,788,764**
All Other Funds	**-**	**194,220**	**3,637,341**	**224,589**	**3,573,668**	**312,982**	**(5,716,307)**	**8,180**	**166,883**	**383,748**	**2,785,304**
Budgetary Financing Sources											
Other Adjustments											
All Other Funds	-	-	-	-	(140,000)	-	(501,196)	-	-	-	(641,196)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	50,018	-	-	-	50,018
All Other Funds	-	1,243,963	7,012,534	2,129,114	8,794,967	-	7,071,216	1,415,140	3,133,391	-	30,800,325
Nonexchange Revenues											
Funds from Dedicated Collections	56,868	-	-	-	-	-	300	6,584,857	-	-	6,642,025
All Other Funds	-	-	-	-	-	-	514,969	294	-	-	515,263
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,216,430	-	-	-	-	-	-	-	-	-	1,216,430
All Other Funds	-	-	-	-	-	-	162,002	-	-	-	162,002
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(201,196)	-	-	-	-	-	-	(326,000)	-	-	(527,196)
All Other Funds	-	(41,716)	-	38,000	129,146	-	289,117	-	-	(383,748)	30,799
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	369,992	-	-	-	-	-	-	-	-	-	369,992
All Other Funds	-	-	15	-	-	-	-	-	-	-	15
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(3,017)	-	-	-	-	-	-	-	-	-	(3,017)
All Other Funds	-	1,250	-	3,008	37,833	-	(18,563)	-	657	-	24,185
Imputed Financing (Note 19)											
Funds from Dedicated Collections	1,313	-	4,082	8,712	-	-	10,273	-	-	-	24,380
All Other Funds	-	35,399	218,728	55,161	230,657	22,467	118,384	4,193	34,840	(18,507)	701,322
Other Financing Sources											
Funds from Dedicated Collections	-	-	-	(2)	-	-	-	-	-	-	(2)
All Other Funds	-	-	-	2	(8,156)	-	-	-	-	-	(8,154)
Total Financing Sources											
Funds from Dedicated Collections	**1,440,390**	**-**	**4,082**	**8,710**	**-**	**-**	**60,591**	**6,258,857**	**-**	**-**	**7,772,630**
All Other Funds	**-**	**1,238,896**	**7,231,277**	**2,225,285**	**9,044,447**	**22,467**	**7,635,929**	**1,419,627**	**3,168,888**	**(402,255)**	**31,584,561**
Net Cost of Operations											
Funds from Dedicated Collections	(964,786)	-	(12,151)	(11,928)	-	-	(129,896)	(1,404,505)	-	-	(2,523,266)
All Other Funds	-	(1,298,008)	(7,569,145)	(2,226,232)	(9,221,064)	(5,646)	(5,845,942)	(1,420,274)	(3,119,800)	18,507	(30,687,604)
Net Change											
Funds from Dedicated Collections	475,604	-	(8,069)	(3,218)	-	-	(69,305)	4,854,352	-	-	5,249,364
All Other Funds	-	(59,112)	(337,868)	(947)	(176,617)	16,821	1,789,987	(647)	49,088	(383,748)	896,957
Ending Balances											
Funds from Dedicated Collections	**1,935,830**	**-**	**67,120**	**(302,136)**	**-**	**-**	**7,505**	**18,329,809**	**-**	**-**	**20,038,128**
All Other Funds	**-**	**135,108**	**3,299,473**	**223,642**	**3,397,051**	**329,803**	**(3,926,320)**	**7,533**	**215,971**	**-**	**3,682,261**
Total All Funds	**$ 1,935,830**	**$ 135,108**	**$ 3,366,593**	**$ (78,494)**	**$ 3,397,051**	**$ 329,803**	**$ (3,918,815)**	**$ 18,337,342**	**$ 215,971**	**$ -**	**$ 23,720,389**
Net Position - Funds from Dedicated Collections	**1,935,830**	**-**	**67,120**	**(302,136)**	**-**	**-**	**81,819**	**18,329,809**	**-**	**-**	**20,112,442**
Net Position - All Other Funds	**-**	**291,833**	**4,248,493**	**594,511**	**6,521,019**	**329,803**	**3,249,713**	**3,255,632**	**674,523**	**-**	**19,165,527**
Net Position - Total	**$ 1,935,830**	**$ 291,833**	**$ 4,315,613**	**$ 292,375**	**$ 6,521,019**	**$ 329,803**	**$ 3,331,532**	**$ 21,585,441**	**$ 674,523**	**$ -**	**$ 39,277,969**

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Revenue Activity										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ -	$ 197	$ -	$ 11,200	$ 2,831	$ -	$ 13,978,943	$ -	$ -	$ 13,993,171
Fees and Licenses	-	46,371	-	15,000	-	-	-	-	-	61,371
Miscellaneous	-	95	36	-	-	-	-	-	282	413
Total Cash Collections	**$ -**	**$ 46,663**	**$ 36**	**$ 26,200**	**$ 2,831**	**$ -**	**$ 13,978,943**	**$ -**	**$ 282**	**$ 14,054,955**
Accrual Adjustments	-	121	-	2,199	593	-	-	-	-	2,913
Total Custodial Revenue	**$ -**	**$ 46,784**	**$ 36**	**$ 28,399**	**$ 3,424**	**$ -**	**$ 13,978,943**	**$ -**	**$ 282**	**$ 14,057,868**
Disposition of Collections										
Transferred to Federal Agencies										
Library of Congress	-	-	-	-	-	-	(94)	-	-	(94)
U.S. Department of Agriculture	-	-	-	-	-	-	(41,549)	-	-	(41,549)
U.S. Department of Commerce	-	-	-	-	-	-	(7,166)	-	-	(7,166)
U.S. Department of the Interior	-	-	-	-	-	-	(281,347)	-	-	(281,347)
U.S. Department of Justice	-	-	-	-	-	-	(26,335)	-	-	(26,335)
U.S. Department of Labor	-	-	-	-	-	-	(4,017)	-	-	(4,017)
U.S. Postal Service	-	-	-	-	-	-	(3,993)	-	-	(3,993)
U.S. Department of State	-	-	-	-	-	-	(2,538)	-	-	(2,538)
U.S. Department of the Treasury	-	-	-	-	-	-	(877,450)	-	-	(877,450)
Office of Personnel Management	-	-	-	-	-	-	(2,649)	-	-	(2,649)
Federal Communications Commission	-	-	-	-	-	-	(580)	-	-	(580)
Social Security Administration	-	-	-	-	-	-	(1,126)	-	-	(1,126)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(48,055)	-	-	(48,055)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(3)	-	-	(3)
General Services Administration	-	-	-	-	-	-	(50,901)	-	-	(50,901)
Securities and Exchange Commission	-	-	-	-	-	-	(181)	-	-	(181)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(64)	-	-	(64)
Railroad Retirement Board	-	-	-	-	-	-	(419)	-	-	(419)
Tennessee Valley Authority	-	-	-	-	-	-	(3,526)	-	-	(3,526)
Environmental Protection Agency	-	-	-	-	-	-	(119,956)	-	-	(119,956)
U.S. Department of Transportation	-	-	-	-	-	-	(9,327)	-	-	(9,327)
U.S. Department of Homeland Security	-	-	-	-	-	-	(208,402)	-	-	(208,402)
Agency for International Development	-	-	-	-	-	-	(2,104)	-	-	(2,104)
Small Business Administration	-	-	-	-	-	-	(12,881)	-	-	(12,881)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(807,686)	-	-	(807,686)
National Aeronautics and Space Administration	-	-	-	-	-	-	(556)	-	-	(556)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,491)	-	-	(1,491)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(271,315)	-	-	(271,315)
U.S. Department of Energy	-	-	-	-	-	-	(6,384)	-	-	(6,384)
U.S. Department of Education	-	-	-	-	-	-	(46,060)	-	-	(46,060)
Independent Agencies	-	-	-	-	-	-	(225,500)	-	-	(225,500)
Treasury General Fund	-	(45,468)	(36)	(26,200)	(2,831)	-	(10,933,716)	-	(282)	(11,008,533)
U.S. Department of Defense	-	-	-	-	-	-	(121,112)	-	-	(121,112)
Transferred to the Public	-	-	-	-	-	-	(306,206)	-	-	(306,206)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	(2,199)	(593)	-	873,871	-	-	871,079
Refunds and Other Payments	-	(1,316)	-	-	-	-	(5,491)	-	-	(6,807)
Retained by the Reporting Entity	-	-	-	-	-	-	(422,634)	-	-	(422,634)
Total Disposition Of Collections	-	(46,784)	(36)	(28,399)	(3,424)	-	(13,978,943)	-	(282)	(14,057,868)
Net Custodial Activity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Revenue Activity										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ -	$ 71	$ -	$ 39,781	$ 3,765	$ -	$ 14,413,648	$ -	$ -	$ 14,457,265
Fees and Licenses	-	34,670	-	15,000	-	-	-	-	-	49,670
Miscellaneous	-	578	43	-	-	-	-	-	-	621
Total Cash Collections	**$ -**	**$ 35,319**	**$ 43**	**$ 54,781**	**$ 3,765**	**$ -**	**$ 14,413,648**	**$ -**	**$ -**	**$ 14,507,556**
Accrual Adjustments	-	203	-	971	135	-	-	-	-	1,309
Total Custodial Revenue	**$ -**	**$ 35,522**	**$ 43**	**$ 55,752**	**$ 3,900**	**$ -**	**$ 14,413,648**	**$ -**	**$ -**	**$ 14,508,865**
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	-	-	-	-	-	-	(89,477)	-	-	(89,477)
U.S. Department of Commerce	-	-	-	-	-	-	(13,116)	-	-	(13,116)
U.S. Department of the Interior	-	-	-	-	-	-	(581,891)	-	-	(581,891)
U.S. Department of Justice	-	-	-	-	-	-	(43,576)	-	-	(43,576)
U.S. Department of Labor	-	-	-	-	-	-	(3,524)	-	-	(3,524)
U.S. Postal Service	-	-	-	-	-	-	(3,039)	-	-	(3,039)
U.S. Department of State	-	-	-	-	-	-	(954)	-	-	(954)
U.S. Department of the Treasury	-	-	-	-	-	-	(999,755)	-	-	(999,755)
Office of Personnel Management	-	-	-	-	-	-	(3,741)	-	-	(3,741)
National Credit Union Administration	-	-	-	-	-	-	(40)	-	-	(40)
Federal Communications Commission	-	-	-	-	-	-	(8,127)	-	-	(8,127)
Social Security Administration	-	-	-	-	-	-	(527)	-	-	(527)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(82,240)	-	-	(82,240)
General Services Administration	-	-	-	-	-	-	(25,707)	-	-	(25,707)
Securities and Exchange Commission	-	-	-	-	-	-	(52)	-	-	(52)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(44)	-	-	(44)
Railroad Retirement Board	-	-	-	-	-	-	(525)	-	-	(525)
Environmental Protection Agency	-	-	-	-	-	-	(1,637,315)	-	-	(1,637,315)
U.S. Department of Transportation	-	-	-	-	-	-	(21,464)	-	-	(21,464)
U.S. Department of Homeland Security	-	-	-	-	-	-	(186,848)	-	-	(186,848)
Agency for International Development	-	-	-	-	-	-	(1,565)	-	-	(1,565)
Small Business Administration	-	-	-	-	-	-	(7,387)	-	-	(7,387)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(1,083,580)	-	-	(1,083,580)
National Aeronautics and Space Administration	-	-	-	-	-	-	(908)	-	-	(908)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,307)	-	-	(1,307)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(204,517)	-	-	(204,517)
U.S. Department of Energy	-	-	-	-	-	-	(65,394)	-	-	(65,394)
U.S. Department of Education	-	-	-	-	-	-	(24,841)	-	-	(24,841)
Independent Agencies	-	-	-	-	-	-	(58,518)	-	-	(58,518)
Treasury General Fund	-	(33,951)	(43)	(54,781)	(3,765)	-	(6,704,452)	-	-	(6,796,992)
U.S. Department of Defense	-	-	-	-	-	-	(132,403)	-	-	(132,403)
Transferred to the Public	-	-	-	-	-	-	(416,983)	-	-	(416,983)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	(971)	(135)	-	(1,628,930)	-	-	(1,630,036)
Refunds and Other Payments	-	(1,571)	-	-	-	-	(29,033)	-	-	(30,604)
Retained by the Reporting Entity	-	-	-	-	-	-	(351,868)	-	-	(351,868)
Total Disposition Of Collections	-	(35,522)	(43)	(55,752)	(3,900)	-	(14,413,648)	-	-	(14,508,865)
Net Custodial Activity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

U.S. Department of Justice
Fraud Reduction Report
Fiscal Year Ended September 30, 2018

In support of the Fraud Reduction and Data Analytics Act of 2015 (FRDA), the Department of Justice conducted a fraud risk capabilities assessment in FY 2018 to understand component activities utilized to identify and manage fraud risk. The purpose of the assessment was to provide management with the opportunity to identify significant fraud risks, consider potential actions to improve management controls, and consider financial and administrative control activities that would support mitigation of identified risks.

The assessment was conducted in accordance with the FRDA; GAO *Framework for Managing Fraud Risk in Federal Programs;* GAO *Standards for Internal Control in the Federal Government, Principle 8 – Assess Fraud Risk;* and other leading practice materials for managing fraud risk.[1] Focus areas for the assessment included acquisitions (large contracts and purchase cards), grants (grants management, disbursements, and beneficiary payments), human resources (payroll, time and attendance, and awards), travel (travel cards, requests, and receipts), and disaster relief funding.

The Department's fraud reduction efforts in FY 2017 focused on conducting foundational fraud risk workshops to identify and prioritize fraud risks. Efforts in FY 2018 focused on gathering information on the progress DOJ components have made in implementing financial and administrative controls pursuant to the FRDA, the GAO principle for assessing fraud risk, and leading practices for managing fraud risk.

Since the FY 2017 assessment, DOJ components have made progress in these areas. For example, during the FY 2018 assessment, components shared information on financial and administrative controls and strategies implemented to prevent, detect, and respond to fraud, such as centralizing activities. Also, components shared information on assessments and peer reviews designed to identify risks and vulnerabilities to fraud. Further, components shared information on the use of data analytics to help prevent and detect fraud and improve controls. In FY 2019, the Department will focus on enhancing the use of data analytics to curb fraud, such as payment analytics provided by the U.S. Department of the Treasury and analytics tools offered by purchase card service providers.

[1] Leading practice materials included fraud risk principles in the GAO *Standards for Internal Control in the Federal Government*; OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; Chief Financial Officers Council *Playbook: Enterprise Risk Management for the U.S. Federal Government*; Association of Government Accountants *Fraud Prevention Toolkit*; and industry materials from the Association of Certified Fraud Examiners.

U.S. Department of Justice
Reduce the Footprint
For the Fiscal Year Ended September 30, 2018

Under the leadership of the Attorney General, the Department continued its efforts during FY 2018 to reduce its real property footprint and monitor space utilization across the Department. Mission related challenges and approved large pipeline projects resulted in an increase in overall square footage in FY 2017 from the FY 2015 baseline despite reduction by most agency components. While unique mission related requirements in the pipeline for organizations such as the FBI, USMS, DEA, and the EOIR are projected to increase the Department's overall real estate footprint at the end of FY 2018, the majority of the Department components have maintained or reduced their footprint. Difficult mission related challenges come with the various law enforcement and litigation assignments of the Department to protect federal courthouses, house and secure prisoners awaiting trial, and continue to enforce drug trafficking, immigration laws, and other direct mission activities.

One of the primary focuses of the Department is to apply more stringent utilization rate requirements as leases expire. Over time, new build out standards and mobile workplace initiatives will increasingly provide space reductions. With adequate funding, these types of projects will allow the Department to continue reducing the overall footprint.

Information for the Department is displayed below:

Reduce the Footprint

Reduce the Footprint Baseline Comparison

For the Fiscal Year Ended September 30, 2018			
	FY 2015 Baseline	FY 2017	Change
Square Footage (SF in millions)	47,362,747	47,906,252	1.1%

Reporting of Operation and Maintenance Costs - Owned and Direct Lease Buildings

For the Fiscal Year Ended September 30, 2018			
	FY 2015 Reported Cost	FY 2017	Change
Operation and Maintenance Costs ($ in millions)	50,305,398	49,031,631	-2.5%

U.S. Department of Justice
Civil Monetary Penalty Adjustment for Inflation
For the Fiscal Year Ended September 30, 2018

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information section the most recent inflationary adjustments to civil monetary penalties to ensure penalty adjustments are both timely and accurate.

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(t)(5)	Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b) Transfer of firearm without checking NICS	1993	2018	$ 8,465	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	$ 3,096	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

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 USC 1833a(b)(1)	Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation	1989	2018	$ 1,963,870	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2018	$ 1,963,870	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2018	$ 9,819,351	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act Fraudulent Claim for Assistance	1968	2018	$ 5,704	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3729(a)	False Claims Act Violations	1986	2018	Min $11.181 - Max $22,363	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act Violations Involving False Claim (per claim)	1986	2018	$ 11,181	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act Violation Involving False Statement (per statement)	1986	2018	$ 11,181	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

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**
40 U.S.C. 123(a)(1)(A)	Federal Property and Administrative Services Act Violation Involving Surplus Government Property (per act)	1949	2018	$ 5,704	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act Violation Involving Kickbacks (per occurrence)	1986	2018	$ 22,363	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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 - Substantial Non-compliance (per violation)	1994	2018	$ 8,249	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 216(b)	Ethics Reform Act of 1989 Penalties for Conflict of Interest Crimes	1989	2018	$ 98,194	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an individual	1988	2018	$ 102,606	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an organization	1988	2018	$ 1,026,054	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S. C. 5157(d)	Disaster Relief Act Violation	1974	2018	$ 12,964	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Rights Division

Civil Rights Division (excluding 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**
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order	1994	2018	$ 16,499	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order	1994	2018	$ 24,748	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order	1994	2018	$ 24,748	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, subsequent order	1994	2018	$ 41,248	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 3614(d)(1)(C)(i)	Fair Housing Act of 1968, as amended in 1988. PL 100-430 First violation	1988	2018	$ 102,606	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968, as amended in 1988; PL 100-430 Subsequent violation	1988	2018	$ 205,211	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Rights Division (continued)

Civil Rights Division (excluding 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**
42 U.S.C. 12188(b)(2)(C)(i)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, first order	1990	2018	$ 92,383	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 12188(b)(2)(C)(ii)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, subsequent order	1990	2018	$ 184,767	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act First violation	2010	2018	$ 62,029	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act Subsequent violation	2010	2018	$ 124,058	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Criminal Division

Criminal 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)(1)	Civil Asset Forfeiture Reform Act of 2000; PL 106-105 Penalty for Frivolous Assertion of Claim	2000	2018	Min $355 - Max $7,088	Criminal Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H Violation	1986	2018	$ 22,363	Criminal Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Drug Enforcement Administration

Drug Enforcement Administration						
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	2018	$ 20,521	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 961(1)	Controlled Substance Import Export Act Drug abuse, import or export	1970	2018	$ 71,301	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act, PL 90-513 Violations of 842(a)(5) and (10) - Prohibited acts re: controlled substances	1970	2018	$ 64,820	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 842(c)(1)(B)	Controlled Substances Act, PL 90-513 Violations of 842(a) - other than (5) and (10) - Prohibited acts re: controlled substances; PL 105-277	1998	2018	$ 15,040	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Drug Enforcement Administration (continued)

Drug Enforcement Administration						
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. 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	2018	$ 519,439	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	$ 1,039	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 842(c)(2)(C)	Controlled Substances Act, PL 90-513 Violation of 842(a)(11) by a business - Distrubition of laboratory supply with reckless disregard; PL 104-237	1996	2018	$ 389,550	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003 Maintaining drug-involved premises; PL 108-21	2003	2018	$ 333,328	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

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	2018	Min $559 - Max $4,473	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(4)(A)(ii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, second order	1986	2018	Min $4,473 - Max $11,181	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(4)(A)(iii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, subsequent order	1986	2018	Min $6,709 - Max $22,363	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(5)	Immigration Reform and Control Act of 1986 Paperwork violation	1986	2018	Min $224 - Max $2,236	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a (note)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii) Violation relating to participating employer's failure to notify DHS of final nonconfirmatin of employee's employment eligibility	1996	2018	Min $779 - Max $1,558	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(g)(2)	Immigration Reform and Control Act of 1986; PL 99-603 Violation/prohibition of indemnity bonds	1986	2018	$ 2,236	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $461 - Max $3,695	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $3,695 - Max $9,239	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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, subsequent order	1990	2018	Min $5,543 - Max $18,447	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Executive Office for Immigration Review (continued)

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. 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	2018	Min $185 - Max $1,848	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $461 - Max $3,695	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $3,695 - Max $9,239	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $390 - Max $3,116	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
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	2018	Min $3,116 - Max $7,791	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Federal Bureau of Investigation

Federal Bureau of Investigation						
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 Motor Vehicle Title Identification System; PL 103-272(1)(e)	1994	2018	$ 1,650	Federal Bureau of Investigation	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Office of Justice Programs

Office of Justice Programs						
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
42 U.S.C. 3789g(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	2018	$ 28,520	Office of Justice Programs	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

U.S. Department of Justice
Grants Oversight & New Efficiency (GONE)
For the Fiscal Year Ended September 30, 2018

Pursuant to the Grants Oversight & New Efficiency (GONE) Act, for fiscal year 2017, the Department of Justice (DOJ) reported 346 awards with remaining balances totaling $10,549,734 for which a closeout had not yet occurred, but for which the period of performance has elapsed more than two years. This represented less than 1% of open and active awards from DOJ's three grant-making components, the Office of Community Oriented Policing Services (COPS), the Office of Justice Programs (OJP), and the Office on Violence Against Women (OVW). For the fiscal year 2018, DOJ closed 234 (68%) of these awards, decreasing the number of open awards to 112. The undisbursed balances decreased by $7,822,116 (74%) to $2,727,618.

CATEGORY	2-3 Years	>3-5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	26	24	13
Number of Grants/Cooperative Agreements with Undisbursed Balances	27	12	10
Total Amount of Undisbursed Balances	$988,495	$501,947	$1,237,176

Challenges Leading to Delays in Award Closeouts

The primary challenge contributing to delayed closeout of DOJ grants relates to grants that are in an "under audit" status. For the purpose of this report, the "under audit" status includes open OIG and GAO audits or investigations, as well as internal programmatic and financial monitoring and reviews. These audits, investigations, and reviews can delay award closeout because the recipients must address and remedy findings or questioned costs before the award can be closed. While the recipient is remedying the issues, the award is placed in an "under audit" status. If the award recipient has not implemented corrective actions by the end of the period of performance, the award will remain in "under audit" status and will not be closed out.

An award may be in an "under audit" status for many months and often years, resulting in delay of the closeout. This skews DOJ's closeout data to appear as though an award has been pending closeout without any activity, when in fact, no activity was permitted to occur until all audits, investigations, or review issues were resolved.

DOJ OVW has also experienced challenges when a grantee is unresponsive during the closeout process, for example, not providing required information or reports when due or not responding in a timely manner to the agency. There are times that this unresponsiveness may be due to the fact that the grantee organization is no longer in existence.

Another challenge for DOJ OVW is a disconnect between information reported in DOJ's grants management systems and payment management systems or "manual reconciliation report process." Prior to the use of DOJ's current financial management system, closeouts were performed in paper, and were manually updated in an older financial management system. This manual process resulted in discrepancies between the systems.

Corrective Actions to Address these Challenges

With regard to awards in "under audit" status resulting from internal financial and programmatic monitoring activities, DOJ grant-making components continues to assess whether there are issues that have been resolved, but not indicated as such in the grants management system, therefore, preventing the award from being closed. If so, components will continue to enter updated status information for these awards into the grants management system so that closeouts can be initiated and prioritized, as appropriate.

To prevent this from occurring, DOJ developed reports displaying the "under audit" enter and release dates in the GMS closeout module. This report allows DOJ to track the release of awards from "under audit" status so that closeouts can be prioritized, as appropriate.

With regard to grantee unresponsiveness, DOJ OVW increased efforts to obtain required reports and information from grantees and prioritize administrative closeouts for non-responsive grantees.

For the organizations that are no longer in existence, DOJ OVW closed one of the awards with a zero balance in DOJ's systems and is referring the second award to Treasury for collection of the delinquent debt owed to DOJ.

For awards where there is a discrepancy between systems, DOJ OVW resolved many of these discrepancies and continues to reconcile the data in the DOJ systems and validate those awards that appear closed in the manual paper process, but were not migrated to the financial system and subsequently closed. Once these awards have been validated as closed, with no remaining balances, the grants management system and financial management system will be updated to reflect these awards as closed.

SECTION III
MANAGEMENT SECTION

(UNAUDITED)

Section III Management Section (Unaudited)

Overview

Each year, the Department's 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.

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OIG Top Management and Performance Challenges Facing the Department of Justice – 2018

October 15, 2018

MEMORANDUM FOR THE ATTORNEY GENERAL
THE DEPUTY ATTORNEY GENERAL

FROM: MICHAEL E. HOROWITZ
INSPECTOR GENERAL

SUBJECT: Top Management and Performance Challenges Facing the Department of Justice

Attached to this memorandum is the Office of the Inspector General's 2018 list of top management and performance challenges facing the Department of Justice (Department), which we have identified based on our oversight work, research, and judgment. We have prepared similar lists since 1998. By statute, this list is required to be included in the Department's Agency Financial Report.

This year's list identifies nine challenges that we believe represent the most pressing concerns for the Department:

- *Advancing National Security, Protecting Sensitive Information, and Safeguarding Civil Liberties*
- *Enhancing Cybersecurity with Emerging Technology and Collaboration*
- *Managing an Overcrowded Federal Prison System in an Era of Declining Resources*
- *Building Productive Relationships and Trust Between Law Enforcement and Communities*
- *Coordinating within the Department and Across Government to Fulfill the Department's Mission to Combat Crime*
- *Administering and Overseeing Contracts and Grants*
- *Effectively Applying Performance-Based Management to Inform Decision Making and Improve Outcomes*
- *Filling Mission Critical Positions Despite Department Challenges and Delays in the Onboarding Process*
- *Ensuring Adherence to Established Department Policies and Procedures*

This year, eight of the nine challenges are issues the OIG identified in last year's memorandum. For the first eight challenges in the list above, we discuss the Department's progress in meeting the challenges and also discuss new and ongoing areas of concern. A persistent theme throughout the challenges we identified is the threats caused by emerging technologies -- from the development and distribution of synthetic opioids, to increasingly sophisticated cyber-attacks, to drone technologies that threaten the physical security of federal prisons. For each emerging technology, the Department must have a workforce capable of responding to the threat, and the ability to recruit and retain professionals in each of these fields creates its own challenge for the Department. The new challenge identified in this year's memorandum is an ongoing concern, but one that was highlighted persistently in the OIG's work this year. This is the need for all Department employees to adhere to established policies and procedures. As noted in recent OIG reviews, the actions of a few, especially individuals in leadership positions, can undermine the Department's reputation for professionalism, impartiality, and fairness when policies and procedures are not consistently followed.

We hope this document will assist the Department in its efforts to improve program performance and enhance its operations. We look forward to continuing to work with the Department to analyze and respond to these important issues in the year ahead.

ADVANCING NATIONAL SECURITY, PROTECTING SENSITIVE INFORMATION, AND SAFEGUARDING CIVIL LIBERTIES

In Fiscal Year (FY) 2019, the Department's primary strategic goal is to enhance national security and counter the threat of terrorism. With a threat environment that is constantly evolving, the Department must balance the use of new technology with legal authorities to ensure the protection of privacy and civil liberties for American citizens.

Combatting Foreign and Domestic Terrorism

One of the Department's highest priorities is combatting foreign and domestic terrorism, which threaten our national security and the safety of the American public. The Federal Bureau of Investigation (FBI) leads the Department's counterterrorism efforts and, in FY 2017, dedicated over 5,000 full time employees and more than $1 billion to this key mission area. Currently, the FBI views the Islamic State of Iraq and Syria (ISIS) and Homegrown Violent Extremists (HVE) as the main terrorism threats to the United States. Due to technological advances, the message of radicalization continues to spread in ways previously unimagined. In recognition of this continuing threat, the OIG is conducting an audit of the FBI's efforts to address HVEs, which includes evaluating the FBI's policies and procedures used to identify and investigate these threats. Additionally, the OIG is conducting an audit of the Bureau of Prisons' (BOP) efforts to monitor communications of inmates with known and potential ties to domestic and foreign terrorism, as well as its efforts to prevent radicalization among its inmate population.

Management Advisory Memorandum (MAM) Concerning Homegrown Violent Extremism

In June 2018, the OIG issued a MAM to the FBI Director regarding a threat to national security, stemming from a HVE, operating from a federal facility, outside of DOJ's authority. FBI management took formal steps to coordinate with the non-DOJ federal entity to address the identified concerns. The MAM made five recommendations to the FBI.

The Department shares responsibility with the Department of Homeland Security (DHS) in leading federal efforts to counter violent extremism (CVE) and co-leads the CVE Task Force. However, the Government Accountability Office's (GAO) April 2017 report on countering violent extremism determined that the CVE Task Force has not established a process for assessing whether the federal government's CVE efforts are working. Additionally, in recognition of the importance of cooperation between the Department and DHS on counterterrorism, the OIG is conducting an audit of the FBI's efforts to protect the nation's seaports and maritime activity, including the FBI's assessment of terror threats and coordination with DHS.

Last year, the OIG completed a joint review with the DHS Office of Inspector General and the Intelligence Community (IC) Inspector General on the Domestic Sharing of Counterterrorism Information. The review resulted in 23 recommendations, 11 involving the Department and the FBI, to improve coordination with DHS and the other IC agencies. The report recommended that the Department and FBI evaluate their current processes for sharing counterterrorism information and update these processes to increase collaboration and coordination with other partners. As of August 2018, the OIG has closed 7 of the 11 recommendations, noting that the Department continues to develop a comprehensive counterterrorism sharing strategic plan and that the FBI has taken steps to improve the sharing of counterterrorism information.

Counterintelligence and Counterespionage

Deterring and defeating our adversaries' intelligence and espionage efforts remains a top priority for the Department. In a 2017 statement to the House Homeland Security Committee, FBI Director Christopher Wray warned that "foreign intelligence services and other state-directed actors continue to employ more creative and more sophisticated methods to steal innovative technology, critical research and development data, and intellectual property, in an effort to erode America's economic leading edge." In addition to threats to our economy, foreign actors have initiated attacks intended to disrupt U.S. democratic institutions, including our elections. Assaults on our economic and political institutions often utilize sophisticated technology. Combatting this threat is a top priority for the Department. In November 2017, to better coordinate the Department's efforts to counter the threat of harmful foreign influence, the FBI established the Foreign Influence Task Force (FITF), which integrates the FBI's cyber, criminal law enforcement, counterterrorism, and counterintelligence resources to serve as the central coordinating authority for investigations involving foreign influence operations. For further details regarding the Department's efforts to neutralize and defeat cyber-attacks, see the *Cybersecurity* section of this report.

The Foreign Agents Registration Act (FARA) is another counterintelligence and counterespionage tool that helps identify individuals acting as agents of foreign principals within the United States. In its September 2016 report on the National Security Division's (NSD) administration and enforcement of FARA, the OIG found inconsistent interpretations of the law between agencies, leading to minimal criminal enforcement between 1966 and 2015. As of August 2018, the Department had addressed all 14 report recommendations, including those that recommended the Department develop a comprehensive strategy to integrate NSD's FARA compliance and enforcement work with the Department's overall national security strategy.

Insider Threats: Preventing the Unauthorized Disclosure of Sensitive Information

Source: FBI

Insider threats remain a serious concern across all of government. Employees who misuse or betray, wittingly or unwittingly, their access to any U.S. Government resource can cause catastrophic damage to the operational security of the Department and the nation. Insider threats pose a significant risk because they can disclose highly sensitive information directly to unauthorized, non-government sources, allowing for fast, global consumption of leaked information. Ensuring effective personnel security is one measure that can prevent and deter insider threats.

A September 2017 OIG report on the FBI's Insider Threat Program highlighted several areas in which the FBI can better deter, detect, and mitigate insider threats. The public summary of the classified report contained 8 recommendations to enhance the effectiveness of the program. For example, to improve systems accountability, the OIG recommended that the FBI conduct a comprehensive inventory of classified networks, systems, applications, and other information technology assets and identify a component responsible for maintaining the inventory. The FBI concurred with the OIG's recommendations and has implemented 2 of them to date, including a recommendation that the FBI notify the OIG of all insider threat investigations, including threats classified as counterespionage, in a timely manner, consistent with the Inspector General Act and Department regulations. Additionally, in response to recent unauthorized disclosures of sensitive information, the FBI established a unit within the Counterintelligence Division to oversee and manage investigations of leaks of classified information.

Polygraph examination is an additional tool used by the FBI to detect potential security threats among employees and prospective employees expected to have access to national security information. In a March 2018 report, the OIG found that the FBI's process for responding to unresolved issues in polygraph examination results may lead to both security and operational vulnerabilities. The OIG issued 8 recommendations to assist the FBI in improving its processes to enhance the utility of its polygraph program.

Leveraging National Security Legal Authorities While Safeguarding Civil Liberties

The Department faces continuing challenges in safeguarding the civil liberties of U.S. citizens and residents while using existing legal authorities to combat terrorism and espionage, as well as conduct its counterintelligence mission. One such challenge involves assuring Congress and the American public that the privacy safeguards built into Section 702 of the *Foreign Intelligence Surveillance Act* (FISA) *Amendments Act* are effective.

In response to requests from Attorney General Sessions and Members of Congress, as well as in furtherance of its oversight mission, the OIG is currently examining the Department's and the FBI's compliance with legal requirements, policies, and procedures in applications filed with the U.S. Foreign Intelligence Surveillance Court relating to a certain U.S. person.

Other challenges are presented by fast evolving technology, developments in law relating to personal data now routinely stored, and the public's heightened interest in data security to protect against identity theft and other personal intrusions. For example, recent court decisions have placed greater limitations on the requirements for law enforcement to obtain location information of personal mobile devices. In addition, the Department and the FBI encountered difficulties accessing information stored on the iPhone of the gunman responsible for the December 2015 mass shooting in San Bernardino, California. Although the OIG's March 2018 report relating to that incident (see text box) did not address this issue, it described obstacles encountered by the FBI in its investigation.

OIG Report on the Accuracy of FBI Statements Concerning its Capability to Access Data on an iPhone Seized During the San Bernardino Terror Attack Investigation

The OIG conducted an inquiry into whether FBI officials, including former Director James Comey, made inaccurate statements to Congress or caused inaccurate statements to be filed in court regarding the FBI's ability to access data on an iPhone seized during the investigation of the December 2015 terror attack in San Bernardino, California. The OIG found no evidence that the FBI had the capability to access data on the iPhone at the time of former Director Comey's February and March 2016 congressional testimony or the February 2016 initial court filing requesting involuntary assistance from Apple, Inc. to access the phone. Therefore, we determined that the testimony and initial court filing were not inaccurate when made.

The Department faces growing challenges in obtaining electronically stored information necessary to fight crime and protect the national security when individuals' demand for privacy is growing and corporate efforts to satisfy that demand are becoming more sophisticated.

ENHANCING CYBERSECURITY WITH EMERGING TECHNOLOGY AND COLLABORATION

In July 2018 remarks at the Aspen Security Forum, Deputy Attorney General Rod Rosenstein stated that "the digital infrastructure that serves this country is literally under attack." The Department has taken a number of steps to respond to these attacks on the country's digital infrastructure and to develop a comprehensive cybersecurity strategy. For example, in February of 2018, in response to cyber-attacks and other threats posed by hostile foreign actors targeting institutions, Attorney General Sessions established the Cyber-Digital Task Force, with the goal of determining how the Department can more effectively respond to global threats. The Cyber-Digital Task Force report, issued in July of 2018, outlines the following cybersecurity challenges facing the Department of Justice: (1) preventing and responding to cyber incidents; (2) investigating and prosecuting cyber-related crimes; and (3) dismantling, disrupting, and deterring malicious cyber threats.

The Evolving Threat of Cyber Intrusions

Protecting the nation against cyber-based attacks, both foreign and domestic, continues to be one of the Department's top goals. To be fully prepared to respond to the emerging and evolving threats from cyber-attacks, the Department must continue to update its strategies, recruit and retain a dynamic workforce as discussed in more detail in the *Human Capital* section of this report, and ensure that internal systems are secure.

Source: FBI

Cyber intrusions and attacks can undermine advantages held by the U.S. military and result in national security breaches, economic losses, failures in critical infrastructure, and intellectual property theft. Since at least March 2016, foreign government cyber actors have targeted government entities and multiple U.S. critical infrastructure sectors including energy, commercial facilities, water, aviation, nuclear, and critical manufacturing. Computer intrusions, such as spear phishing, are increasing in number and sophistication. Therefore, the Department must keep pace with evolving technologies to protect American interests.

Alongside the more traditional, physical infrastructure and information targets, malign foreign actors have also begun using cyber-attacks to incite societal discourse for geopolitically motivated objectives. By routing their activities through complex computer networks across the globe and using crypto-currency (including bitcoin), these actions were difficult to track and attribute.

To best confront these challenges, and ensure that resources are directed to the most significant cyber threats, the FBI must implement an objective, data driven approach to its prioritization of cyber threats and cases. As noted in a 2016 OIG audit, the current cyber prioritization process is subjective and not updated frequently enough to be fully effective. While the FBI agreed with the OIG's 2016 recommendation to improve the cyber threat prioritization process, the recommendation remains open.

The Department also must continue to take steps to ensure its own information systems are secure. In the OIG's FY 2017 Federal Information Security Modernization Act (FISMA) audit, the OIG reviewed the information security programs of six Department components and a sample of 14 systems within these components. Recommendations were made in several key areas, including risk and configuration management, identity and access management, and security training, to better enhance the DOJ's information security program. Additionally, to increase transparency and promote accountability in the Department's information security efforts, the OIG now publicly posts the commentary and summary portions of its FISMA reports.

Private Sector Partnerships in Cybersecurity

According to the National Institute of Standards and Technology's National Vulnerability Database, which is sponsored by DHS's National Cyber Security Division, there have been over 107,497 known cybersecurity vulnerabilities and exposures identified by the public and private sectors as of September 2018. These growing threats affect the government and private sector alike. The OIG is currently evaluating the FBI's processes and practices for notifying and engaging with victims of cyber intrusions. Successful engagement can help to better protect vital infrastructure and provide sources of information to assist the FBI with countering future threats. The Department must continue to seek cooperation and information sharing opportunities with the private sector to reduce the level and impact of vulnerabilities and mitigate damage.

Given the pace of technological advances and the dramatic increase in cybercrimes, the Department has made the strengthening of partnerships between the public and private sectors a priority in its current Strategic Plan. The FBI has operated its Internet Crimes Complaint Center (IC3) since May 2000 and has received 4,063,933 complaints of suspected Internet-facilitated criminal activity from inception through 2017. In addition, the FBI has facilitated the sharing of cyber-based information with the private sector by implementing (1) the Private Industry Notifications (PIN) and (2) the FBI Liaison Alert System (FLASH) reports. PINs provide unclassified information that will enhance the private sector's awareness of a threat, and FLASH reports contain unclassified technical information collected by the FBI for use by specific private sector partners.

The FBI has also conceded that there are times when it did not share as much information with the private sector as it could. As demonstrated in a cross-cutting audit report issued in December 2017 by several Offices of Inspector General, including the DOJ OIG, on the Cybersecurity Information Sharing Act of 2015, challenges exist in forging partnerships with private industry. This report identified several impediments to private companies' cooperation with the government to address cybercrimes: antitrust and competitive issues; and perceptions of possible negative business and regulatory consequences in such partnerships, including the public's image of law enforcement actions in cyberspace.

Challenges Investigating & Prosecuting Cybercrime

Going Dark

"Going Dark" occurs when the government is unable to access or obtain intelligible information in a useable format (including end-to-end encryption). This poses a serious challenge to law enforcement and has been referred to as one of the Department's most significant challenges when trying to collect investigative data.

Disrupting and dismantling illicit DarkNet activity is both a priority and a challenge for the Department as enforcing the law in a global and largely anonymous platform is extremely difficult. For example, malicious actors can utilize botnets, which are networks of computers created by malware and controlled remotely without the knowledge of the computer's user. These present both investigative and prosecutorial challenges as they evolve and increase in sophistication faster than the law's ability to adapt to address the threat. Forging successful partnerships with other federal agencies, as well as international law enforcement agencies can have a positive impact on the Department's effort to investigate and prosecute cyber-crimes. For example, following the successful takedowns of Silk Road 2.0 and AlphaBay, many illicit DarkNet users flocked to a new marketplace called Hansa Market. However, due to already established partnerships with Dutch law enforcement, Hansa Market was quickly shut down. The OIG is currently examining the FBI's implementation of its dark web strategy and efforts to disrupt illegal activities.

The Department has identified gaps in legal authorities that create challenges when attempting to prosecute cybercrimes. For example, federal courts disagree on how to interpret key definitions in the *Computer Fraud and Abuse Act* (CFAA) leading to difficulties in prosecuting individuals who misuse computer networks to which they have access. As a result, an insider with authorized access to a computer network who exceeds his or her authorized access to that network by improperly disclosing sensitive information from that network may not be subject to criminal prosecution under the CFAA. For example, in 2015, the Ninth Circuit Court of Appeals vacated a police officer's convictions under the CFAA for providing confidential police information to a private investigator because the court held that the CFAA only covers inappropriate access to information, such as hacking, not misuse of information gained through an individual's abuse of otherwise appropriate access. The OIG has faced similar challenges in its investigations. A recent OIG investigation substantiated that a DEA employee and an employee from the Department of State (DOS) had searched DOS databases for non-official purposes and provided sensitive and restricted information, which is used to process U.S. visa applications, to a retired DEA official. In another investigation, the OIG found that a DEA employee misused the Texas Prescription Drug Monitoring Program database by conducting an inquiry on a DEA Task Force Officer, who is a doctor. Each of these cases was declined for criminal prosecution.

These loopholes continue to create a challenge for the Department's cyber investigators and prosecutors. For instance, the July 2018 report from the Attorney General's Cyber Task Force states that the CFAA does not prohibit the hacking of a voting machine in common situations, because electronic voting machines generally do not meet the CFAA criteria as computers connected to the Internet. According to the August 2018 statement of an Associate Deputy Attorney General, the CFAA needs to be updated to ensure that it continues to deter violations of Americans' privacy and security.

MANAGING AN OVERCROWDED FEDERAL PRISON SYSTEM IN AN ERA OF DECLINING RESOURCES

In its FY 2019 Budget, BOP requested over $7 billion to manage the federal prison system, which is roughly 25 percent of the Department's discretionary budget. While the federal inmate population has been declining in recent years, many BOP institutions remain over their capacity and providing medical care to inmates continues to account for a major portion of BOP's overall spending at nearly $1.18 billion. Further, the Department has said it anticipates a slight prison population increase in FY 2019. Resource limitations, staffing shortages, and aging infrastructure, combined with this possible prison population increase, has the potential to exacerbate BOP's challenges in ensuring that its institutions are safe and secure. BOP facilities currently exceed total capacity by 14 to 24 percent on average, with high security institutions at the top of this range at 24 percent over capacity on average. Moreover, technological advances have created new challenges for BOP to control contraband entering its facilities. Additionally, as recidivism rates remain high, it is critical that BOP better assess and improve its reentry programs in an effort to reduce recidivism.

Operating in an Increasingly Resource-Challenged Environment While Maintaining Physical Security

Staffing and overcrowding present constant challenges for BOP in carrying out its mission to confine offenders in safe, humane, and cost-efficient environments. In 2015, the then-BOP Director testified before Congress that BOP's inmate to staff ratio "remains high at 4.4 to 1." As of July 31, 2018, that ratio had not changed. Additionally, in 2017, the Department instructed BOP to eliminate 5,000 unfilled, unfunded positions. This has raised concerns that this will increase the occasions when institutions need non-corrections BOP staff members to perform correctional officer duties in order to maintain security.

OIG Review: BOP Management of its Female Inmate Population

The OIG recently completed a review of BOP's efforts and capacity to ensure that BOP-wide policies, programs, and decisions adequately address the distinct needs of female inmates. The OIG concluded that BOP has not been strategic in its management of female inmates, and BOP's programming and policies may not fully consider their needs. For example, we found that BOP could not ensure that its correctional institutions adhered to BOP policies pertaining to female inmates and the BOP Central Office branch that serves as BOP's source of expertise on the management of female inmates may not have adequate staffing to fulfill its mission.

As described above, in addition to staffing challenges, overcrowding in prisons continues to be a concern for BOP. Overcrowding can undermine BOP's ability to ensure the care and safety of the inmate population and the safety of BOP staff. To help alleviate overcrowding, BOP plans to build a new high security prison in Roxana, Kentucky and to transfer low security inmates from BOP institutions to private prisons. However, an August 2016 OIG report found that the BOP needed to do a better job of monitoring its private prisons, which incurred more safety and security incidents per capita than comparable BOP institutions.

Aging facilities and emerging technologies are two additional concerns for BOP in its effort to maintain physical security of its institutions while coping with resource challenges. BOP noted in its most recent Performance Budget that its deteriorated facilities add to increased risk of escape, inability to lock down cells, and potential violence due to frustration over inadequate living conditions. Currently, close to 30 percent of BOP's 122 institutions are over 50 years old, and 43 percent are over 30 years old. BOP also faces growing security threats caused by contraband entering its facilities through technological advances such as drones. A 2016 OIG report noted deficiencies related to BOP's contraband tracking capabilities, policies, guidance, and training. Cell phones continue to present BOP with safety and security issues. In 2016, BOP confiscated 5,116 cell phones from inmates and this number is on the rise. BOP is reevaluating its strategy to counter these threats. Specifically, as a result of BOP's efforts, the Federal Aviation Administration has restricted the airspace over 20 U.S. penitentiaries to prohibit drones, which supports BOP's mission to maintain safe and secure facilities for inmates and staff. BOP also is currently testing micro-jamming technology to prevent unauthorized wireless communication of inmates and will continue to evaluate cell phone detection technologies to combat this ongoing threat.

Monitoring the Impact of Revised Enforcement Policies on the Federal Prison Population

The Department has announced several new enforcement policies that may result in an increase in the federal prison population. It will be important for the Department to monitor whether the federal prison population, which had decreased over the past several years, increases on account of these polices and to consider the impact of any such population increase on the safety and security on the already over capacity federal prison system.

The Department has announced two new policies regarding immigration prosecutions since 2017. In April 2017, Attorney General Sessions announced a policy that encouraged prosecutors to seek felony charges and pursue mandatory minimum sentences for immigration-related offenses. Further, in April 2018, Attorney General Sessions issued a memorandum that directed each U.S. Attorney's Office along the Southwest border, in consultation with the Department of Homeland Security (DHS), to adopt a zero-tolerance policy for all offenses referred for prosecution. The OIG is currently reviewing the planning and implementation of this policy, and will assess the Department's coordination with DHS and the Department of Health and Human Services on the policy's implementation.

Nearly a quarter of BOP inmates are currently known or suspected aliens, and new immigration enforcement accompanied by revised charging and sentencing policies may increase that number over the coming year. In March 2017, Attorney General Sessions announced the expansion of the Institutional Hearing and Removal Program (IHP) to accelerate criminal alien removal proceedings. The OIG has initiated a review that will examine the IHP expansion efforts, including its coordination with DHS.

The Department's revised charging and sentencing policies may also result in inmate population increases. In May 2017, Attorney General Sessions established a new charging and sentencing policy that directed prosecutors to charge and pursue the most serious, readily provable offenses which carry the most substantial sentences, including mandatory minimums. This new policy effectively rescinded the charging policies and practices outlined in the Department's *Smart on Crime* initiative, which the OIG addressed in a 2017 report. It will be important for the Department to monitor continuously new laws, policies, and initiatives to determine their impact on the already over capacity prison system.

Evaluating the Effectiveness of Efforts to Reduce Inmate Population and Recidivism

In 2016, the United States Sentencing Commission found that nearly half of federal offenders released in 2005 were re-arrested within eight years. Reducing the number of former inmates who return to federal prison is a particularly important task for the Department given BOP institution overcrowding and resource limitations. As a result, the Department is challenged to evaluate the outcomes of programs that seek to decrease the inmate population, through reduced recidivism and other measures, to ensure that they are meeting their established goals. For example, a 2016 OIG audit found that BOP does not have performance measures to evaluate the effectiveness of two incarceration alternatives, Residential Reentry Centers (RRCs) and home confinement, nor procedures that adequately assess services provided by RRC contractors. BOP spends hundreds of millions of dollars annually on reentry programs and RRCs and their contractors, so it is important that the Department be able to measure their effectiveness, especially given its limited resources in this area. A 2017 GAO follow-up report found that the Department had taken initial steps to track outcome data for RRCs and home confinement programs, but that, as of December 2017, the Department had not yet taken steps to measure the outcomes or identify the cost implications of its pretrial diversion programs. A 2018 OIG audit found that BOP has never conducted an evaluation of Community Treatment Services outcomes for inmates in RRCs or under home confinement, does not require contractors to submit performance metrics on its Community Treatment Services program, and does not track the outcomes of the program's stated goals.

Source: BOP

In terms of recidivism, the 2017 GAO report found that the Department has established a plan to evaluate the effectiveness of its reentry programs in BOP facilities. Further, in response to the OIG's 2016 report on BOP's Release Preparation Program, which found that BOP has no performance metrics to determine whether its Release Preparation Programs are successful, BOP stated that it planned to start using statistical analysis to evaluate whether inmates gain relevant skills and knowledge from the program to prepare them for successful reentry to society. However, BOP has yet to conduct the recidivism analysis required by the *Second Chance Act* and, as discussed in past Top Management and Performance Challenges reports, has not published a study on the overall recidivism rate for federal inmates in over 20 years. Further, a 2018 GAO report found that inmates with serious mental illness are more likely to recidivate and recommended that BOP evaluate inmates' recidivism risk and substance abuse and mental health needs to direct treatment to those with the highest recidivism risk. Medical care during incarceration, such as through secure residential mental health treatment programs as described in a 2017 OIG report, represents another avenue for BOP to potentially improve reentry outcomes.

BUILDING PRODUCTIVE RELATIONSHIPS AND TRUST BETWEEN LAW ENFORCEMENT AND COMMUNITIES

The Department plays an important role in fostering trust and building productive relationships between law enforcement agencies and the communities they serve. These relationships are essential to the Department's goal of reducing violent crime and the harm it inflicts on individuals and communities. The Department has a number of available tools and resources that can facilitate law enforcement agencies' collaboration with the communities they serve. The challenge for the Department is effectively using these tools to reduce violent crime while also strengthening police-community relations and ensuring proper oversight of law enforcement officials.

Source: COPS Office

Partnering with Communities to Achieve Violence Reduction and Improve Trust in Police-Community Relationships

The Department's FY 2018-2022 Strategic Plan prioritizes reducing violent crime and emphasizes the importance of partnering with communities to achieve this goal. Law enforcement's efforts to build productive relationships in some communities remains a challenge, strained by law enforcement-involved shootings that increased tensions and mistrust. From 2011 to 2016, the Civil Rights Division's Special Litigation Section, which is responsible for investigating allegations of unconstitutional policing (also referred to as "pattern or practice" violations), logged over 8,600 referrals or complaints that related to state or local law enforcement agencies. In March 2017, Attorney General Sessions announced that the Department was shifting its focus from providing federal oversight of state and local law enforcement practices to local control and accountability for effective policing. The Administration is requesting $140 million in the FY 2019 budget for Project Safe Neighborhoods (PSN), a grant program focused on reducing gang and gun violence, and $5 million for the Public Safety Partnership program (formerly Violence Reduction Network), a technical assistance program that engages communities in developing violent crime reduction strategies. Additionally, as part of PSN, all United States Attorneys' Offices are required to develop violence reduction plans that include robust partnerships with community groups and victims' advocates.

As the Department seeks to reduce violent crime through partnering with communities, recent OIG work has shown that there is room for improvement in the Department's activities aimed at strengthening relations between law enforcement agencies and their communities. In February 2018, the OIG issued an audit report examining the Department's efforts to address patterns or practices of police misconduct and provide technical assistance on accountability reform to police departments. The OIG concluded that the Civil Rights Division (CRT), the Office of Community Oriented Policing Services (COPS Office), the Office of Justice Programs, and the Community Relations Service (CRS) informally coordinated their work, which provided benefits to DOJ's overall efforts in area of police misconduct. However, we found that more regular and systemic coordination would better enable DOJ components to share information, prevent overlap of services, and ensure efficiency in achieving its goals. The OIG report also found that the COPS Office has not developed a process to assess the effectiveness of its Critical Response program, and the CRS is limited in its coordination efforts with other DOJ components due to a confidentiality provision in its authorizing statute. In another recently issued OIG report, which we discuss in more detail in the [Combatting Violent Crime](#) section, the OIG identified several deficiencies in the Department's engagement with tribal law enforcement agencies to combat the prevalence of crime in Indian country.

OIG Review: The Bureau of Alcohol, Tobacco, Firearms, and Explosives' (ATF) Implementation of the Frontline Initiative

The OIG is reviewing ATF's implementation of its Frontline Initiative, which launched in 2012. The initiative is ATF's collaborative and intelligence-driven approach to accomplishing its law enforcement and regulatory mission and relies on ATF's partnerships with state and local law enforcement agencies.

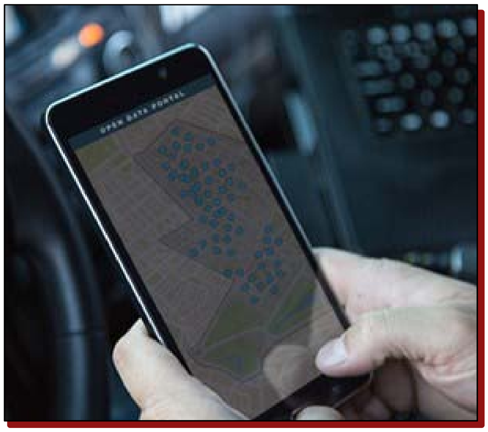
Collecting, Analyzing, and Sharing Law Enforcement Data to Enhance Officer Accountability and Safety

The effective collection, analysis, and use of data to improve police-community relations and enhance officer accountability and safety largely depends on the Department's ability to forge longstanding and productive relationships with law enforcement agencies, both within and outside the Department. Despite a recognized need for accurate statistics on use-of-force incidents by law enforcement, the Department has faced several hurdles in gathering and reporting this data. The *Violent Crime Control and Law Enforcement Act of 1994* requires the Department to collect and report data on "the use of excessive force by law enforcement officers," yet the Department has struggled to gather this information as state and local law enforcement agencies are not required to report this data to the federal government and collection methods are inconsistent. Consequently, the Department lacks a national database on police use-of-force incidents that can be analyzed to better inform government decision-makers and the public about the issues raised by law enforcement shootings and develop solutions for reducing them. To address this gap, the FBI plans to add a National Use-of-Force data set to the Uniform Crime Reporting Program that will provide information on police use-of-force that results in a fatality, serious bodily injury, or when a firearm is discharged at or in the direction of a person. Upon approval from OMB, the FBI intends to begin nationwide data collection via a web application. Given that there are more than 18,000 law enforcement agencies across the country and submission of this data remains voluntary, it is particularly important for the Department to exercise leadership and build partnerships with law enforcement agencies if it is to successfully create a comprehensive national use-of-force database that contains accurate, reliable, and timely information.

OIG Review: Death in Custody Reporting Act

The Death in Custody Reporting Act of 2013 requires federal and state law enforcement agencies to submit data to the Department on any deaths of individuals that occurred during interactions with law enforcement while in their custody. The OIG is reviewing DOJ's actions to implement the Act.

The Department also plays an important role in building trust between police departments and the communities they serve by advocating reforms that increase transparency of law enforcement operations. For example, the COPS Office supports the Police Data Initiative, which promotes the use of "open data." As of July 2017, more than 130 law enforcement and public safety agencies have joined the Police Data Initiative, releasing more than 200 data sets, including accidents and crashes, citizen complaints, calls for service, and officer involved shootings. As of May 2018, more than 50 police agencies have agreed to release data on hate and bias crimes in an effort to increase awareness of the problem. The effort to make more law enforcement data available has the potential to increase public awareness of public safety issues and generate community support for addressing those issues. Yet, more needs to be done to fully realize the initiative's potential as the number of participating agencies accounts for a small fraction of the total law enforcement community in the United States.



Source: Police Data Initiative

The use of body worn cameras has become more widespread and gained importance in police-community relations in recent years. From FY 2016 - 2018, Congress provided the Department with over $70 million in funding for the Body Worn Camera Partnership Grant Program, which provides matching grants to support the purchase and deployment of this technology to state, local, and tribal public safety agencies. The Department has requested $22.5 million for this program in its FY 2019 budget. A growing body of research suggests that the use of body worn cameras can help build trust between police departments and the communities they serve and reduce use of force incidents and injuries to both officers and civilians. For example, a December 2017 National Institute of Justice (NIJ)-funded study in Las Vegas, Nevada attributed to body worn cameras a 25 percent proportional reduction in officers generating a citizen complaint and a 41 percent proportional reduction in officers generating a use-of-force report. Despite this research, the use of body worn cameras presents issues with regard to officer safety, privacy, criminal discovery, and other legal questions. These issues will challenge the Department in its efforts to support law enforcement agencies on how best to use technology safely and effectively.

COORDINATING WITHIN THE DEPARTMENT AND ACROSS GOVERNMENT TO FULFILL THE DEPARTMENT'S MISSION TO COMBAT CRIME

Combatting crime and promoting public safety is central to the Department's mission, and the effectiveness of DOJ's efforts in this area impacts each of the Department's strategic goals. Addressing the nation's most pressing criminal threats requires effective inter-Department and interagency coordination. While the Department has made important strides in these areas, several challenges remain.

Combatting Drug-Related Crime

The current opioid crisis and its impact on drug-related crime, overdose deaths, and incarcerations continues to present a major challenge for the Department. The Centers for Disease Control and Prevention provisionally estimates that over 72,000 people died in 2017 from drug overdoses. Over 49,000 of those overdose deaths involved opioid analgesics and illicit opioids such as heroin and synthetic opioids. Amplifying this issue is the recent emergence of the synthetic opioid, fentanyl and fentanyl analogs, which accounted for nearly 30,000 estimated overdose deaths in 2017.

Source: DEA

The Department has developed several new initiatives in an effort to address this crisis. For instance, in December 2017, the Department created a new senior level position, the Director of Opioid Enforcement and Prevention, to assist Department leaders and components in formulating and implementing Department initiatives, policies, grants, and programs relating to opioids, and coordinating these efforts with law enforcement. The Department also established the Opioid Fraud and Abuse Detection Unit, a pilot program in 12 U.S. Attorney's Offices (USAO) that utilizes health care fraud data to identify and investigate individuals suspected of diverting controlled substances. Further, in July 2018, given the prevalence of fentanyl overdoses, the Department announced Operation Synthetic Opioid Surge (S.O.S.). The Operation was launched in ten USAOs with some of the highest drug overdose death rates with the goal of prosecuting every readily provable case involving the distribution of fentanyl, fentanyl analogs, and other synthetic opioids, regardless of drug quantity. Given these new enforcement initiatives, it is imperative that the Department establish performance measures to determine the potential impact and effectiveness in combatting the opioid crisis and be able to adapt and refine its various approaches based on these strategic measures.

Source: DEA Fentanyl Response Team

On the regulatory side, in July 2018, the Department announced a rule change that requires the DEA, when establishing its annual opioid production limits, to consider the probability that a drug will be diverted for abuse. This rule change could result in a reduction in the drug amounts that can be lawfully produced in a given year, and therefore limit the amount of opioids available for potential diversion. The OIG has a forthcoming report, which examines the DEA's regulatory enforcement efforts concerning opioids and its coordination with state and local law enforcement partners.

OIG Review: DEA's Opioid Enforcement Efforts

The OIG is conducting a review to examine the DEA's: (1) enforcement policies and procedures to regulate registrants; (2) use of enforcement actions involving distributors of opioids who violate these policies and procedures; and (3) coordination with state and local partners in countering illicit opioid distribution.

The Department also funds numerous programs that partner with local law enforcement and public health agencies to combat drug abuse, misuse, and diversion. Developed in FY 2017, the Comprehensive Opioid Abuse Site-based Program (COAP) is a Bureau of Justice Assistance (BJA) grant program, which provides financial and technical assistance to states, local, and tribal governments to plan and implement comprehensive efforts to identify, treat, and support individuals impacted by the opioid crisis. In addition, the NIJ Drug Courts Program provides an alternative to incarceration for the drug-addicted, including those affected by the opioid crisis. The program addresses addiction through treatment and recovery support services to subsequently reduce recidivism. In its FY 2019 budget request, Office of Justice Programs (OJP), which houses BJA and NIJ, requested a combined $63 million in total funding for the COAP grant and Drug Courts programs. Given the many opioid and drug-related programs and funding opportunities recently developed by the Department, its challenge is to efficiently leverage expertise and coordinate resources with components, as well as state and local law enforcement, to address the nationwide opioid and drug crisis.

Combatting Violent Crime

The Department identified the reduction of violent crime as a goal in its 2018-2022 Strategic Plan. Specifically, the Department's strategic framework for combatting violent crime includes activities intended to: (1) disrupt and dismantle violent transnational crime organizations and gangs, such as Mara Salvatrucha, also known as MS-13; (2) support state, local and tribal partners in making communities safe; (3) protect victims of crime from exploitation and re-victimization; and (4) identify, arrest, and prosecute violent criminals for gun violence and other related violent crimes. To meet these strategic goals, the Department continues to lead or support several violent crime initiatives, including the Organized Crime and Drug Enforcement Task Force's (OCDETF) National Gang Strategic Initiative, Crime Gun Intelligence Centers (CGIC), and the expansion ATF's National Integrated Ballistic Information Network (NIBIN) Urgent Trace Program.

While combatting violent crime remains a top priority for the Department, an ongoing challenge in meeting this strategic priority is to identify ways to best support state and local law enforcement agencies and prosecutors with limited resources to continue to bring down the level of violent crimes in all jurisdictions. Toward this end, under the PSN initiative, Attorney General Sessions has required all U.S. Attorneys "to engage with a wide variety of stakeholders—from the police chiefs, to sheriffs, to mayors, to community groups and victims' advocates—in order to identify the needs specific to their communities and develop a violent crime reduction plan." The Department reports recent progress in these efforts. For example, according to an October 3, 2018 address by Attorney General Sessions, the murder rate in the 29 largest U.S. cities will decline by 7.6 percent—bringing the murder rate to 2015 levels in those jurisdictions. Additionally, according to a December 2017 NIJ report, BJA's Public Safety Partnership sites "have enhanced relationships and communication with DOJ law enforcement agencies and improved understanding of the range of infrastructure required to develop and maintain the capabilities to effectively combat violent crime." Continued progress in this area will require effective use of the resources Congress has provided for PSN and related initiatives to promote coordination and implementation of crime reduction plans.

OIG Review: Violent Crime Initiatives

The OIG is conducting a review to evaluate the Department's strategic planning and accountability measures for combatting violent crime, including coordination across Department prosecution, law enforcement, and grant making components; and strategic planning for providing assistance to communities that are confronting significant increases in homicides and gun violence.

Ensuring Efficient Coordination to Combat Complex Criminal Threats

The Department faces a number of complex criminal threats – including human trafficking, crimes against children, and crimes in Indian country – which challenge traditional law enforcement approaches. These criminal threats, which often target vulnerable populations, require a dynamic and adaptable response from the Department, as well as effective coordination among the Department's law enforcement components and external partners.

Human trafficking and crimes against children are threats that require increased interagency coordination to enhance the Department's response. The Department participates in several interagency task forces that combat human trafficking. The Department's Civil Rights Division leads the interagency Anti-Trafficking Coordination Team (ACTeam), which combines the efforts of the Department, FBI, DHS, and Department of Labor by working to develop high-impact cases involving labor and sex trafficking. U.S. Attorney's Offices in districts where the program's first phase was launched in 2011 reported an increase of 114 percent in human trafficking cases filed, while defendants convicted in those districts increased by 86 percent. Phase two of the program, which included six additional districts, will be concluding in September 2018. Further, the Department's Internet Crimes Against Children Task Force Program (ICAC) assists state and local law enforcement agencies in developing responses to technology-facilitated child sexual exploitation and other crimes against children. In 2017, the ICAC received over $27 million in funding and task force programs conducted more than 66,000 investigations.

Criminal activity in Indian country is another challenging threat that requires enhanced coordination. The Department's challenge is to coordinate its law enforcement efforts in Indian country to prevent violent crime, while navigating the legal and jurisdictional structure of Indian country and maintaining effective relationships with tribal authorities. Statistics show that Native Americans and others living on tribal lands experience a per capita rate of violent crime twice that of other racial and ethnic groups. This responsibility is heightened by the fact that, in much of Indian country, the Department has the sole authority to investigate and prosecute when certain felony-level crimes are committed. Recognizing the scope of the challenge facing the Department in Indian country, a 2017 OIG report found a need to increase engagement and coordination, expand law enforcement training necessary for tribal officers, and improve data collection for tribal crimes In April 2017, the Department announced the creation of the Indian Country Federal Law Enforcement Coordination Group, which brings together law enforcement personnel from 12 federal components to increase collaboration and coordination when responding to violent crime in Indian country. The Department also conducted listening sessions with tribal law enforcement in May and June 2017, regarding the most pressing public safety issues in Indian country, including rising violent crime, the opioid crisis, and human trafficking. In August 2018, the Department also announced the expansion of the Tribal Access Data Program, which provides federally recognized Tribes the ability to access and exchange data with the national crime information databases for both civil and criminal purposes to assist in investigations and prosecutions. Although the Department has taken steps to enhance coordination in responding to numerous criminal threats, ensuring and improving efficient agency coordination must remain a top priority in order to promote public safety and ensure that taxpayer funds are spent with the utmost integrity.

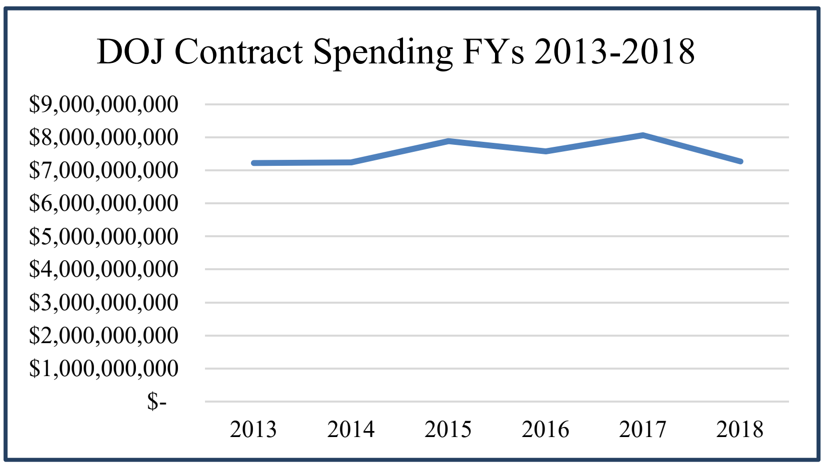
ADMINISTERING AND OVERSEEING CONTRACTS AND GRANTS

The Department expends over $10 billion annually on contracts and grants to fulfill its mission. This represents approximately 36 percent of the Department's $28 billion discretionary budget. Efficient and effective administration and oversight of all DOJ contracts and grants is necessary to ensure that the programs are meeting DOJ and component mission objectives and to protect these tax dollars from waste, fraud, and abuse.

While the Department's contract spending has remained consistent over the past several years, challenges in overseeing and administering contracts persist. During the same period, the Department has increased the amounts awarded through grants, specifically those supported by the Crime Victims Fund (CVF). These funds are critical to accomplishing the Department's goal of protecting and assisting the victims of crime. As a steward of taxpayer funds, it is imperative that the Department provide sufficient administration and oversight of contract and grant funds.

Contracts

Between FY 2013 and FY 2018, the Department's contract spending has remained consistent, averaging about $7.5 billion per year. The OIG will highlight the Department's overall challenges with administering and overseeing contracts in a forthcoming MAM. The MAM will outline areas of concern identified by OIG audits of Department contracts. These include the Department's: (1) inadequate execution of contract oversight responsibilities; (2) insufficient quality assurance practices; and (3) non-compliance with contracting-related laws and regulations. Specifically:



Source: Federal Procurement Data System and USASpending.gov

- In an April 2017 audit of a USMS contract to operate a detention center, the OIG found that the designated Contracting Officer's Representative was tasked with overseeing a contract valued at nearly $700 million with no prior contracting or detention services experience. In a July 2017 audit of an FBI aircraft lease contract, we found that the Contracting Officer did not have the requisite technical expertise to oversee the contract and did not formally appoint a Contracting Officer's Representative to assist in administering and overseeing the contract. Further, in a January 2018 audit of a DEA linguist services contract, we found that the Contracting Officer's Representative was not performing the majority of the responsibilities as identified in the Contracting Officer's Representative designation letter, including the review and approval or disapproval of invoices.
- In a March 2018 audit of a DEA aviation support services contract, valued at $176.6 million, the OIG determined the DEA did not verify labor billing rates or review timesheets, material invoices, and other supporting documentation. The lack of invoice review by the Department has led to several investigations that have resulted in payments back to the Department by contractors

to resolve False Claims Act allegations. In a January 2018 audit of a DEA linguist services contract, the OIG found that the DEA did not develop a quality assurance surveillance plan and performed minimal quality assurance of contract requirements. Additionally, DEA officials did not complete the contractor performance assessment reports for the contract, as required by the Federal Acquisition Regulations (FAR), increasing the risk that other government agencies may unwittingly engage an underperforming or noncompliant contractor instead of a prospective qualified bidder.

- In July 2017, the OIG completed an audit of a FBI aircraft lease contract and found that the contract file did not include market research to support a determination that the price was fair and reasonable. Further, in an April 2018 audit of DEA's Asset Forfeiture Program Task Orders, the OIG found the DEA was decisively involved in the hiring of contract workers, but did not maintain complete contract files to support task order worker selection decisions, including those regarding the hiring of a former DEA agent, who retired amid an OIG investigation into his handling of confidential sources.

  Our recent contract audits have repeatedly found that components provided inadequate guidance and training to personnel responsible for the administration and oversight of complex service contracts. Consequently, we noted that in one instance the Department administered the contract in a manner that created a personal services contract, which makes the contract workers appear to be, in effect, government employees. These contracts are unallowable without statutory authorization, which not all of the Department's components have. Our audits also identified several non-compliances with the Service Contract Labor Standards and potential non-compliances with the Fair Labor Standards Act, which may have affected fair competition and negotiated prices.

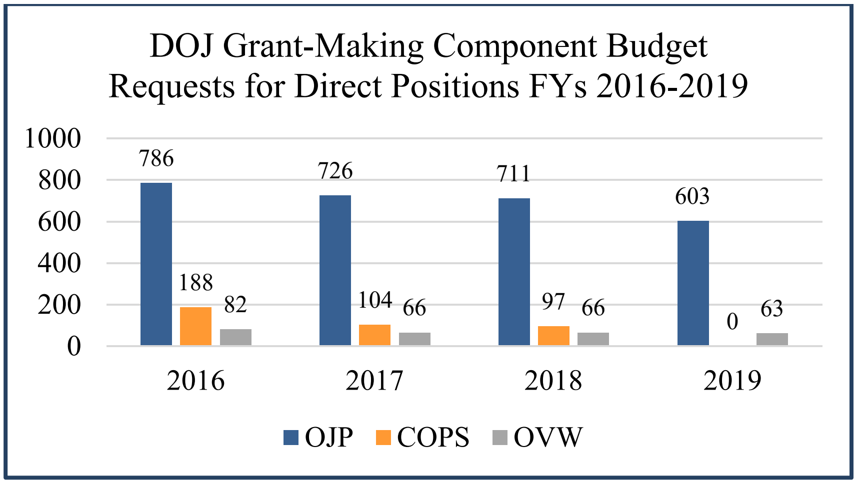
In response to OIG audit findings and recommendations, the Department has made some progress towards improving its administration and oversight of its contracts. For instance, the DEA implemented a new requirement that all Task Monitors who oversee its regional linguist contracts must complete FAC-COR Level I training prior to being designated a Task Monitor. The DEA also enhanced its policies regarding interaction between its employees and contract personnel and the adjudication of former DEA employees returning as contract personnel. In addition, the Justice Management Division promulgated a new Acquisition Policy Notice 2018-03, *Service Contract Labor Standards*, which identifies recommended training and resources to which components should refer when awarding and administering service contracts. However, further remedial actions are needed to address lingering systemic issues and to ensure that Department personnel are knowledgeable and equipped to safeguard responsibly the Department's contracts and ultimately taxpayer funds.

Grants

The Department continues to face challenges in grant management, oversight, and performance monitoring. OIG audits have consistently identified instances of: (1) funding obligated against awards eligible for closeout, (2) unallowable spending undetected by granting agencies, and (3) deficiencies in oversight resulting in overspending.

In prior years' Top Management and Performance Challenges reports, we highlighted the increased responsibility the Department faces in its management of the CVF, due to significant funding increases provided to recipients beginning in FY 2015. The *Victims of Crime Act* established firm deadlines for spending the CVF funding, which creates challenges for both OJP and the state agencies responsible for administering formula awards, especially given that FY 2018 marked the fourth year in a row that CVF funding levels have been significantly higher than historical levels. Also, the FY 2018 CVF funding specifies that 3 percent or about $133 million of the funding shall be available to the Office of Victims of Crime (OVC) for grants to Indian tribes to improve services for victims of crime. This is a significant increase in funding that presents the Department with additional challenges and will require sufficient oversight and monitoring to ensure proper use of the funds.

The Department's FY 2019 Budget Request included a reduction in staffing at the granting agencies, intended to streamline services, save taxpayer dollars, and eliminate duplication of effort by the granting agencies. The graph below illustrates the number of direct personnel requested, during FYs 2016-2019, by each of the Department's three primary grant-making components: the COPS Office, OJP, and Office on Violence Against Women (OVW).



Source: FY 2019 Budget Requests for the COPS Office, OJP, and OVW

The OIG has previously highlighted the potential overlapping administrative functions between the Department's three grant-making agencies, and efforts to enhance the efficiency of administrative functions in grant-making components are responsive to those concerns. In making these changes, the Department also must ensure that it can effectively manage its grant award processes and monitor grantees to ensure the achievement of grant objectives and accountable stewardship of federal grant funds.

EFFECTIVELY APPLYING PERFORMANCE-BASED MANAGEMENT TO INFORM DECISION MAKING AND IMPROVE OUTCOMES

Effectively incorporating performance management practices into the Department's operations remains a significant challenge that will require a sustained and focused effort. The OIG has included performance-based management in its Top Management and Performance Challenges report every year since 2014, and the importance of addressing this challenge has not diminished over time. If the Department is to succeed in achieving the goals laid out in its newest strategic plan and delivering quality services and timely results to the American public, it will need to consistently collect and analyze performance-related data, employ more outcome-oriented performance metrics, and adopt more innovative approaches in how it uses data to assess performance and inform decision-making.

A Pervasive Challenge for Many Federal Agencies

The Department is not alone in facing the pervasive and long-standing challenge of effectively implementing performance-based management. In April 2018, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) released its first-ever report of the top management and performance challenges facing multiple federal agencies. Performance-based management was among the seven challenges most frequently cited in management and challenges reports created by individual federal OIGs in 2017, and we at the DOJ OIG have highlighted in prior reviews numerous programs where this concern is applicable to the Department. For example, the OIG found ineffective performance measures in recent reviews of BOP's healthcare and rehabilitation services, DEA's and ATF's confidential informant programs, and DOJ efforts to combat violent crime. Separately, the GAO has completed over 30 reviews related to federal agency implementation of the *Government Performance and Results Act (GPRA) Modernization Act of 2010* (GPRAMA) and corresponding guidance from the Office of Management and Budget's (OMB) Circular A-11, which establishes the framework that federal agencies are required to follow to enhance their performance and management and provide greater accountability for results. These reports identify numerous challenges that agencies have faced in implementing GPRAMA's performance management requirements. Additionally, 2017 GAO survey data showed that federal managers' reported use of performance information in decision-making generally had not improved and in some cases was lower than it was 20 years ago.

The Department's FY 2018-2022 Strategic Plan presents an opportunity for the Department to embrace more fully not only the requirements of the *GPRAMA*, but also the spirit of the law. The Strategic Plan includes four strategic goals, three agency priority goals, 11 strategic objectives, and 37 performance measures. The three agency priority goals, which serve as the Department's priorities for the first two years of the plan and are subject to quarterly data-driven performance reviews, include (1) combatting cyber-based threats and attacks, (2) combatting violent crime, and (3) disrupting and dismantling drug trafficking organizations to curb opioid and other illicit drug use. In September 2018, the Department began reporting through Performance.gov its progress in meeting the agency priority goals with performance data. However, the Department has not yet prepared its annual performance plan for FY 2019, and consequently has not identified or communicated the performance measure targets in the strategic plan that it plans to achieve in FY 2019 and the strategies it will follow to do so. In addition, four of the Department's annual performance measures related to its strategic objective to reduce violent crime are still under development. The Department's three agency priority goals address themes we have identified as challenges in this year's Top Management and Performance Challenges report, and we discuss each in more detail in the sections on Cybersecurity, Combatting Crime, and Building Trust between Law Enforcement and Communities.

In prior years' Top Management and Performance Challenges reports, we noted that the nature of much of the Department's work does not lend itself to programmatic outcomes that can be easily measured. However, the Department must continue to explore ways it can develop meaningful performance metrics that are data-driven, outcome-oriented, and not based solely on measurements of processes or outputs. The OIG will continue to monitor the Department's performance management activities as it strives to achieve the goals contained in its strategic plan.

OIG Review: Performance Management of the Department's Violent Crime Programs and Initiatives

The OIG is conducting a review to evaluate the Department's strategic planning and accountability measures in combatting violent crime, including coordination across the Department's prosecution, law enforcement, and grant making components, and strategic planning for providing assistance to communities that are confronting significant increases in homicides and gun violence.

Measuring the Effectiveness of Department Programs with Accurate Data and Relevant Metrics

Recent policy developments hold promise for the Department's adoption of data-driven practices and evidence-based management, or the use of empirical knowledge and research-supported principles to inform decision-making. In 2018, OMB released the President's Management Agenda, which calls for the smarter use of data and evidence-based approaches to guide decision making. In addition, the *Commission on Evidence-Based Policymaking Act of 2016* mandated the Commission to develop a strategy for how data the government already collects can be used to improve government programs and policies while protecting privacy and confidentiality. The Commission's final report, issued in September 2017, included several recommendations for fundamental improvements to the federal government's evidence-building systems and capabilities. The report also identified existing government data that has the potential to be useful for evidence building, such as the FBI's National Incident-Based Reporting System (NIBRS), which provides detailed crime incident data, and statistical data on criminal justice systems collected by the Bureau of Justice Statistics.

Performance data is crucial to evaluating the Department and its components' effectiveness in meeting their policy goals, as well as ensuring that future strategies and initiatives are both appropriate and evidence-based. With accurate and valid performance data, the Department can make improvements to its programs and also highlight areas of success. However, OIG work has shown that the Department's ability to obtain and use the right data to measure program performance remains an ongoing challenge. For example, a 2017 OIG report found that BOP cannot accurately determine the number of inmates who have mental illness because institution staff do not always document mental disorders, which leaves BOP unable to ensure that it is providing them with appropriate care. Similarly, an OIG review of the BOP's reimbursement rates for outside medical care found that the BOP's failure to use all-electronic medical claims greatly limited its ability to obtain and analyze data that could help it to achieve greater efficiencies and reduce the cost of medical care. Furthermore, a 2017 OIG report found that crime data in Indian country remains unreliable and incomplete, limiting the Department's ability to comply with its law enforcement responsibilities pursuant to the *Tribal Law and Order Act of 2010*. In yet another example, the OIG recommended in a 2017 report that the Department collect relevant and timely charging data to more accurately assess the implementation and impact of its charging policies and practices.

The Department has also struggled to use outcome-oriented measures to monitor whether its programs are accomplishing their intended goals. For example, a 2018 GAO report found that only one of the five federal strategies to combat synthetic opioids that it examined included outcome-based performance measures. Among the strategies that included only output-focused measures was the Department's 360 Strategy, which uses metrics such as the number of participants in its opioid demand reduction activities. Measures like this fail to convey the significance and impact of the Department's efforts, and therefore must be accompanied or replaced by those that meaningfully link inputs to outcomes. A 2017 OIG audit of the risks associated with the management of the Crime Victims Fund Grant Programs also found that the programs' goal and objectives are neither outcome-oriented nor expressed in a quantitative and measureable form. In contrast, a 2018 OIG audit found that the Civil Rights Division began incorporating outcome measures in its consent decrees for police misconduct cases to demonstrate that the process improvement actually resulted in greater constitutional policing or increased confidence by local communities in their policing authorities.

The Department must continue its efforts to collect and use meaningful performance data and use relevant metrics to improve program performance. The improved use of data and outcome-based metrics will help the Department better grasp the challenges associated with its programs so that it may address issues that arise, as well as evaluate progress toward its intended goals.

Identifying Areas of Risk Using Data Analytics

In addition to measuring the effectiveness of the Department's programs, performance-based management can proactively identify areas of risk within the Department. Performance-based data, if correctly collected and analyzed, can point to areas of fraud, waste, and abuse within Department programs. The OIG created our Office of Data Analytics (ODA) to use statistical analysis, mathematical modeling, and data visualization to detect and deter fraud, waste, and abuse and misconduct in Department programs and personnel. In a December 2017 report, ODA efforts and investigative activity revealed that BOP has incomplete and inadequate healthcare claims data in electronic format and that the claims adjudication vendor has not provided all contractually required services, including fraud monitoring. The OIG found that, as of February 2017, only 16 of BOP's 122 institutions were submitting electronic claims for processing by the claims adjudication vendor, while the remaining 106 BOP institutions were processing claims from BOP's health care contracts manually in a paper-driven process. Incomplete claims data and ineffective analysis of that data significantly increases the BOP's fraud risks and diminishes both the BOP's and the OIG's ability to detect past and present fraud schemes. The OIG recommended that BOP move to immediately require all contractors to submit electronic claims, ensure those claims are properly analyzed and maintained by BOP's adjudication vendor, and enforce existing contract language that requires the adjudication vendor to perform fraud analytics and report any indicators of fraud to the BOP.

As the Department continues to implement the concepts of performance-based management, it should explore additional techniques to leverage data analytics to assist in meeting this challenge. For example, as mentioned in the *Cybersecurity* section of this report, the Department has indicated that it is taking steps to enhance its insider threat detection efforts through continuous monitoring and proactive analysis of user activities on Department IT systems for suspicious activity. The use of data analytics can also assist the Department in finding program deficiencies and identifying needed improvements.

FILLING MISSION CRITICAL POSITIONS DESPITE DEPARTMENT CHALLENGES AND DELAYS IN THE ONBOARDING PROCESS

To meet 21st century demands, the Department must develop innovative solutions to address challenges relating to the recruitment and retention of a professional, highly competent, and diverse workforce. These challenges include recruiting professionals in the cybersecurity and healthcare fields and in the timely processing of background checks to prevent undue delay in the onboarding of new personnel. The Department must also take steps to ensure that its hiring and promotion policies and practices are equitable, particularly in law enforcement positions.

Recruiting and Retaining Skilled Experts in the High Demand Cybersecurity and Healthcare Fields

As noted in last year's report, the recruitment and retention of professionals in the cybersecurity and healthcare fields remains a challenge for the Department. The restrictions of the federal pay scale and stringent background requirements pose significant hurdles for the Department in the struggle to compete with the private sector and other federal entities with special hiring authorities for personnel with these high-demand, specialized skills. The frequency and impact of cyber-attacks on our nation's private sector and government networks and infrastructure have increased dramatically in the past decade. As noted in this report's chapter on cybersecurity, the Department must recruit and retain a cyber-workforce that is capable of responding to cyber-attacks internal and external to the U.S. government.

Cyber professionals are in high-demand in the private sector, often putting the federal government at a competitive disadvantage in the recruitment of individuals with specialized IT skills. In response to this challenge, on February 16, 2018, Attorney General Sessions directed the formation of a Cyber-Digital Task Force to assess the Department's work in the cyber arena, and to identify how federal law enforcement can more effectively accomplish its mission in this vital and evolving area. This task force produced a report on July 2, 2018 that, among other things, recommended: (1) the recruitment and retention of attorneys, investigators, and professional staff with the necessary skills to combat cyber threats and (2) the strengthening of the Department's tools and legislative authorities to advance current cyber initiatives.

An ongoing impediment to the recruitment of candidates with these high-demand technical skills is the Department's difficulty in offering salaries that are competitive with the private sector. In April 2017, GAO's Director of Cybersecurity and Information Management Issues testified that salary restrictions impede the federal government's ability to retain talented employees. Moreover, in March 2018, the FBI Director remarked that the bureau is trying to maximize its use of private sector partners to combat cyber threats, but a major challenge is the recruitment, hiring, and training of IT professionals, within and outside of the FBI.

The Department also continues to face significant challenges recruiting and retaining medical professionals largely due to competition from the private sector, which offers higher pay and benefits. As noted in last year's Top Management and Performance Challenges report, the salaries and incentives needed to compensate BOP employees for the safety, security, and remote location factors unique to workers in a correctional facility, pose challenges to the recruitment of medical personnel to the BOP. In April 2018, the OIG found that while BOP has begun to develop a plan to use available data to assess and prioritize medical vacancies, the percentage of authorized medical positions that were vacant between 2016 and 2017 increased from 15 percent to 21 percent. Additionally, during that same one-year period, only 17 percent of BOP requested medical staff positions were filled. Moreover, despite a January 2018 request by BOP to use available incentives to fill psychiatrist positions, the BOP remains unable to fill many staff psychologist positions at restrictive housing institutions. The Department's ability to attract and retain highly-skilled individuals is critical to helping the Department achieve its mission.

Building a Diverse Workforce by Ensuring Equitable Hiring Policies and Practices

The Department must also ensure that its workforce reflects the diversity of the U.S. civilian labor force by promoting equitable policies. The Department's FY 2018-2022 Strategic Plan sets a goal to develop its workforce by enhancing the skill set of current employees and hiring "diverse, dedicated individuals to meet the Department's needs."

FY 2016 DOJ Law Enforcement Component Workforce

	ATF	DEA	FBI	USMS	All Four Components
Total Workforce	5,195	8,936	37,029	5,229	56,389
Number of Female Staff	1,670	3,172	16,038	1,269	22,149
Percentage of Female Staff	32.1	35.5	43.3	24.3	39.3

Source: FY 2016 DOJ Employment Fact Book

As the OIG noted in a June 2018 report, a "Review of Gender Equity in the Department's Law Enforcement Components," while the ATF, DEA, FBI, and USMS have taken steps to increase diversity, additional resources should be deployed to address concerns related to gender equity for the promotion of an equitable culture. To illustrate, the OIG found that women accounted for only 16 percent of Criminal Investigators in DOJ's law enforcement components. Additionally, women held few headquarters executive leadership positions over operational units and few top field leadership positions. Among Criminal Investigators, women did not receive a proportionate amount of promotions based on the potential applicant pool. Many female Criminal Investigators at ATF, DEA, and FBI believed there was a "glass ceiling" for women. We made six recommendations to address these issues, all of which remain pending.

Other Obstacles to Filling Critical National Security, Immigration, and Leadership Positions Within DOJ

As the rate of federal retirements continues to increase, it is imperative that the Department identifies and hires the most qualified personnel to replace that lost talent as quickly as possible. As part of the hiring process, Department employees must undergo background investigations designed to ensure that they are reliable, trustworthy, of good conduct and character, and of complete and unwavering loyalty to the United States. Delays in completing background investigations for prospective employees can have a material impact on the Department's operations. Further, many of the Department's mission critical positions also require National Security Information clearances, which can add time to the onboarding process. In September 2017, GAO reported that the executive branch has been unable to process security clearances in a timely manner, causing a significant backlog of background investigations, totaling more than 700,000 cases. The slow pace of background investigations hinders the Department's ability to compete with other markets and attract the most qualified candidates for critical Department operations. To meet this challenge, the Department must coordinate with the Office of Personnel Management (OPM) to seek efficiencies in the background check and reinvestigation process and improve on-boarding time, particularly for positions deemed mission critical.

The Department has moved to address a backlog of over 650,000 pending immigration cases by hiring additional immigration judges using a more streamlined approach to hiring. The new plan emphasizes using clear deadlines to ensure that immigration judge candidates move efficiently through the hiring process. As a result, the Department has reduced hiring times for immigration judges by more than 50 percent since 2010. Specifically, the Executive Office for Immigration Review reported that hiring times have decreased from 742 days to 266 days. In an area which the Department identified a significant need, the Department has identified ways to improve the hiring process, and should consider adapting these approaches to other mission critical areas.

The Department's challenges related to filling critical positions are not uncommon to federal agencies and solutions to overcoming the obstacles of federal hiring are not entirely contingent upon improvements within the Department. The Department must continue to seek out opportunities to streamline internal processes and to coordinate with OPM. While OPM has contracted with the National Background Investigations Bureau to help reduce the backlog of investigations, additional work is required to address this government-wide problem. In the meantime, the Department has utilized a waiver process to help expedite the onboarding of new employees and an interim security clearance approval process to help expedite access to national security information in support of the DOJ mission. However, these are not long-term solutions to this longstanding challenge.

ENSURING ADHERENCE TO ESTABLISHED DEPARTMENT POLICIES AND PROCEDURES

The Department and its components have established policies and procedures to promote and ensure accountability, consistency, and objectivity in DOJ operations. These policies and procedures govern DOJ, both in its role as a law enforcement entity and an employer. Recent OIG work has identified instances in which established policies and procedures were not consistently adhered to, including in some cases by senior Department officials. As noted in recent OIG reports, it is through adherence to its established principles and norms that the Department earns the confidence of the public and its employees.

The OIG's June 2018 *Review of Various Actions by the Federal Bureau of Investigation and Department of Justice in Advance of the 2016 Election* (pre-election report) focused on the actions taken by the FBI and Department during the course of the Clinton email investigation. The OIG made numerous findings in the pre-election report that involved violations of established policies. For example, we found that then FBI Director James Comey chose to deviate from the FBI's and the Department's established procedures and norms and engaged in his own subjective, ad hoc decision making when he decided to make a public announcement in July 2015 about his conclusion that prosecution was not warranted. In doing so, he also made statements about former Secretary Hillary Clinton's uncharged conduct. Moreover, in October and November 2016, shortly before the presidential election, former Director Comey notified Congress of investigative developments in the case and steps the FBI was taking. The July announcement was inconsistent with his role as the FBI director, and violated long-standing Department policy, practice, and protocol. Similarly, Comey's subsequent notifications to Congress about the renewed investigation violated the established policy of not commenting on pending investigations.

In addition, the OIG found that the FBI's media policy, which strictly limits the employees who are authorized to speak to the media, appeared to be widely ignored during the pre-election period that we reviewed. We identified numerous FBI employees, at all levels of the organization and with no official reason to be in contact with the media, who were nevertheless in frequent contact with reporters. We found that the harm caused by leaks, fear of potential leaks, and a culture of unauthorized media contacts influenced FBI officials on consequential investigative decisions. The FBI has strengthened its media contact policy, but faces the continuing challenge of enforcing it to address the harmful culture of unauthorized disclosures of sensitive investigative information.

The pre-election report also found that several FBI employees who played critical roles in the investigation used FBI devices to send political messages—some of which related directly to the investigation. These messages created the appearance of bias and thereby raised questions about the objectivity and thoroughness of the investigation. As noted in the report, using FBI devices to send such messages—particularly the messages that intermix work-related discussions with political commentary—potentially implicate provisions in the FBI's Offense Code and Penalty Guidelines. The report also identified instances in which senior FBI officials who had leadership and supervisory responsibilities over the investigation into Secretary Clinton's use of private email used their own private email accounts for official government business. The report found that such use of a personal email account for unclassified FBI business to be inconsistent with Department policy.

A lack of consistent adherence to established Department policies is not limited to the issues we identified in the pre-election review. For example, recent OIG audits of the DEA's and ATF's confidential source programs identified systemic concerns with DEA's and ATF's use and payment of confidential sources. These failures create significant risks for the Department, in cases where mishandled informants prejudiced prosecutions and other Department operations. In a March 2017 report, the OIG found, among other things, that ATF did not adequately maintain payment information for all of its CIs and ATF could not readily provide accurate, complete, and reliable information from its National CI Registry System about certain types of CIs for whom there is an elevated element of risk involved in their use or management. Similarly, in a September 2016 report, the OIG found, among other things, that the DEA did not appropriately track all confidential source activity and had violated its own policies by paying millions of dollars to confidential informants who previously had been "deactivated" because of an arrest warrant or for committing a serious offense. The OIG is currently auditing the FBI's Confidential Human Source Program.

The Department faces similar challenges as an employer. Department-wide adherence to personnel laws, policies, and practices applicable to all federal employees is necessary to promote a productive, merit-based work environment and to ensure that employees are not fearful of retaliation or harassment. The OIG's work in the recent past has demonstrated that the Department faces an ongoing challenge of providing a workplace free from harassment and intimidation.

First, whistleblowers perform an important function. Government employees have unique insight into the problems that exist within agencies. In recognition of the critical need for whistleblowers to come forward, Congress passed the Whistleblower Protection Act (WPA) in 1989, which protects employees who make lawful disclosures of misconduct and provides a remedy for any reprisal resulting from their protected disclosures. In 2017, in legislation to re-authorize the U.S. Office of Special Counsel, Congress created mandatory requirements for agencies to inform their employees about these protections and to ensure that all federal supervisors are aware of their responsibilities under the WPA.

The Department continues to face challenges with its employees respecting the role of whistleblowers. Over the past two years, the OIG has found 5 instances of retaliation against whistleblowers. In each instance, the managers failed to recognize and adhere to clear laws and policies that protect employees for disclosing evidence of misconduct to lawful recipients. In the past year, the OIG has twice provided recommendations to Department components to enhance its education of managers about whistleblower protections and to ensure that their policies and the policies of Department contractors comply with the legal requirements.

Department leadership is aware of this concern and is responsive to the OIG's efforts to enhance education of DOJ employees about whistleblower rights and protections. For example, Deputy Attorney General Rosenstein contributed to a recent OIG training video and discussed the importance of whistleblowers. Similarly, FBI leadership has been proactive in seeking to train its managers on the important role of whistleblowers and the protections they are entitled to under the law. The Inspector General has been invited to speak to the issue at annual conferences for Field Office Special Agents in Charge and other meetings of FBI senior leaders.

Second, as evidenced by the OIG's June 2017 report on the Civil Division's handling of sexual harassment and misconduct allegations, the Department faces a continuing challenge of maintaining a workplace free of sexual harassment. Notwithstanding the Department's "zero tolerance policy" with regard to sexual harassment, the OIG found significant inconsistencies among penalties imposed by the Civil Division for substantiated harassment allegations, as well as weaknesses in its tracking of allegations. The OIG's findings in the Civil Division do not appear to be isolated. Over the past two years, OIG investigations have substantiated sexual harassment or related allegations in numerous cases in 7 other Department components. In one recent case, the OIG found that a supervisory attorney in a Department division sexually harassed a subordinate by making unwanted sexual advances, and that a second supervisory attorney instructed a subordinate not to discuss the harassment in violation of laws that protect employees for reporting such misconduct. In another case, the OIG concluded that a senior

Department official sexually harassed several subordinates, and sexually assaulted one, over a period of at least 10 years. In response to the OIG's Civil Division report, the Deputy Attorney General formed a working group, and the Department issued new guidance to all Department components in April 2018 to enhance awareness of and ensure appropriate response to substantiated allegations of sexual harassment in the DOJ workplace.

As we concluded in the pre-election report, by adhering to its established procedures, principles, and norms, the Department better protects the interests of both federal law enforcement and its own dedicated professionals, as well as providing the public with greater confidence in the outcome of its decisions. This is a challenge that the Department must continue to strive to address.

Office of the Attorney General
Washington, D. C. 20530

November 13, 2018

MEMORANDUM

FROM: THE ACTING ATTORNEY GENERAL

SUBJECT: Office of Inspector General Report—Top Management and Performance Challenges Facing the Department of Justice

The Department of Justice is the chief law enforcement arm of the United States, and it plays an indispensable role in protecting the American people and preserving the Constitution and the rule of law. The more than 110,000 employees of the Department perform these duties every day with tenacity and professionalism while adhering to the utmost levels of integrity that the American people expect.

The Department's critical functions are vital to Americans' safety and security. The Department safeguards national security by conducting counterterrorism and counterintelligence investigations. The Department promotes public safety by targeting violent criminals like drug traffickers and gang members, and by coordinating with state, local, and tribal law enforcement to apprehend and prosecute the most dangerous criminals. The Department protects the rights of Americans by vigorously enforcing our civil rights laws. And the Department's lawyers faithfully defend the Constitution and laws of the United States, including federal immigration law, in courts across the country.

Like any other large organization with a broad range of responsibilities, the Department faces numerous challenges. The Attorney General is responsible for identifying the most urgent challenges and prioritizing the Department's responses. As noted in the Department's Strategic Plan for 2018-2022, Attorney General Sessions designated the following four strategic goals for the Department:

(1) Enhance national security and counter the threat of terrorism;
(2) Secure the borders and enhance immigration enforcement;
(3) Reduce violent crime and promote public safety; and
(4) Promote integrity, good government, and the rule of law.

These goals reflect the judgment of this Department's leadership that the most pressing challenges facing the nation and the Department arise from threats to national security, particularly radical Islamist terrorism; an unsecure border and the federal government's recent history of non-enforcement of immigration laws; the recent surge in violent crime and drug trafficking-related violence throughout the country; and the growing concern of many Americans that the government no longer serves the common interest, nor considers itself bound by the law.

The report released today by the Office of the Inspector General identifies its own suggestions for the most pressing challenges for the Department, many of which have been included in similar Inspector General reports in previous years. Many of the challenges and recommendations identified in the report align with the priorities that Department leadership has established. For example, safeguarding national security and ensuring privacy and civil liberties protections are consistent with the Department's strategic objective to enhance national security and counter the threat of terrorism, as is enhancing cybersecurity with emerging technology and collaboration.

Likewise, strengthening the relationships between law enforcement and local communities and promoting public trust can be helpful in achieving the Department's objective of reducing violent crime and promoting public safety. This is something we are doing every day through a range of Department programs, most notably through Project Safe Neighborhoods, which is the centerpiece of the Department's violent crime reduction strategy.

Finally, administering contracts and grants, using performance-based management, filling mission critical positions, and ensuring adherence to established Department policies and procedures are all necessary to promote integrity, good government, and the rule of law. By pursuing these goals, we are assisting our state, local, and tribal law enforcement partners, making better use of our own resources, and restoring public confidence in our system of justice.

Despite the many helpful comments and observations raised by the Inspector General's report, it contains a number of recommendations that do not align with the Department's priorities. For example, as in last year's report, the Inspector General's report urges the Department to strengthen police-community relationships, which it says have been "strained by law enforcement-involved shootings that increased tensions and mistrust." The Department wholeheartedly supports community policing nationwide and is committed to providing robust oversight of federal law enforcement while assisting state, local, and tribal agencies looking to build trust with their communities. But while there have been unfortunate individual incidents that increased tensions in certain places, recent polling indicates that Americans' confidence in their local police remains strong because the vast majority of law enforcement officers are committed public servants who hold themselves and their colleagues to the highest standards.

Another challenge identified by the report is managing an overcrowded federal prison system in an era of declining resources. As in prior years, the report observes that the federal prison system remains slightly above its rated capacity, despite a significant decline in the federal inmate population over the past five years. It then urges the Department to consider the impact of its new immigration enforcement and sentencing policies and to evaluate alternatives to incarceration.

What the report does not mention is that, while the Bureau of Prisons (BOP) is operating at approximately 13 percent above capacity today, that mark is well below the 36 percent above capacity existing at the end of FY 2013 and even below the BOP's current target of 15 percent. While it is certainly important for the Department to continue managing BOP resources effectively, federal prison overcrowding is no longer a critical challenge, especially in light of this substantial decrease in the federal prison population over the last five years.

Finally, a new concern raised by the Inspector General's report this year is ensuring that Department employees adhere to established policies and procedures. While this is certainly an important part of the Department's work, Department leadership rejects in the strongest possible terms any suggestion that there is a widespread failure to adhere to established policies and procedures among Department employees. There have been some anecdotal examples of misconduct—some that received significant public attention, as well—but there is no metric demonstrating widespread noncompliance. In fact, those anecdotal examples are also noteworthy because in each case the Department took corrective action, including disciplining or dismissing Department employees where appropriate.

The consolidated response to the Inspector General's report that accompanies this letter contains additional information on these and many other issues raised in the report. I look forward to working with the Inspector General to achieve the Department's priorities and, in doing so, to improve the Department's performance and maximize its potential for the good of the American people.

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Consolidated Department Response to OIG Top Management and Performance Challenges Facing DOJ—2018

Advancing National Security, Protecting Sensitive Information, and Safeguarding and Civil Liberties

Enhancing national security and countering the threat of terrorism is a top priority of the Department. To protect public safety, the Department is making effective use of resources, including working with partners across the United States and the world, and employing cutting-edge technology to prevent attacks while appropriately protecting privacy and civil liberties for American citizens. The Department has also made significant efforts to ensure that national security information is protected and that leaks are appropriately addressed, including through prosecutions where warranted.

Enhancing Cybersecurity with Emerging Technology and Collaboration

The Evolving Threat of Cyber Intrusions

Cybersecurity remains a high priority for the Department and its leadership. The Department improved configuration management by adopting and measuring additional secure configurations items and incorporating them into the overall cyber risk metrics. DOJ leveraged the Department of Homeland Security's Continuous Diagnostics and Mitigation program to begin the implementation of enhanced technical security controls for managing privileged users. Additionally, new training awareness campaigns for specific topics and events help broaden the overall cyber awareness of the entire workforce. While these improvements enhance the Department's ability to prevent, detect, and respond to cyberattacks, we are committed to further strengthening and augmenting our security program in the coming fiscal year.

Challenges Investigating & Prosecuting Cybercrime

The Department continues to work to find efficiencies in our collaboration with foreign partners while respecting privacy rights, both in facilitating police-to-police cooperation through an expanded network of FBI Cyber Legal Attaches, via mutual legal assistance treaties and agreements, and through training provided by the growing network of Cyber Resident Legal Advisors and Intellectual Property Law Enforcement Coordinators posted in key regions around the globe. Our international cooperation has resulted in significant successes, including the successful extradition of criminals from overseas, international disruption actions, and an increase in the capacity of our law enforcement partners to investigate and prosecute online crimes domestically.

The Department has continued to work with Congress and vigorously litigate issues relating to the prosecution of cybercrime, particularly those related to insider threat cases. Although circuit court decisions interpreting the scope of authorized access have foreclosed prosecutions for obtaining information by exceeding authorized access in some circumstances, the Department has continued to litigate the issue in other contexts, and has in some respects cabined the scope of prior decisions in this area. The Department has also continued work on educating Congress about the impact of such decisions, especially those involving abuse of access to government information, and to push for reasonable legislative modifications that allow prosecution of meritorious cases.

The Department has also worked with Congress to address the increasingly important issue of trans-border access to data stored by communications providers. The Clarifying Lawful Overseas Use of Data (CLOUD) Act, enacted in March 2018, made clear that United States courts have the authority to compel service providers subject to their jurisdiction to produce communications, records, or other information within their possession, custody, or control, whether the provider has chosen to store such information within or outside of the United States. This resulted in the resolution of the "Microsoft Dublin" litigation in the Supreme Court. See United States v. Microsoft, 584 U. S. _(April 17, 2018). In addition, the CLOUD Act sets up a framework to reduce conflicting legal obligations that U.S. communications providers may face when confronted with orders by one country to produce data that another country's law prohibits them from disclosing. The Act authorizes the government to enter into executive agreements under which the United States and its foreign partners may commit to remove legal impediments to cross-border compliance with court orders in cases that involve serious crimes and where targeting restrictions are implemented. Only countries with robust laws protecting privacy and civil liberties are eligible for such agreements.

At the same time, the Supreme Court's decision in Carpenter v. United States, 585 U. S. _ (June 22, 2018), which held generally that the government's acquisition of historical cell-site location information (CSLI) from a cell phone company for an extended period of time is a Fourth Amendment "search" subject to the Amendment's warrant requirement, will require changes in the acquisition of such information and in some cases will restrict law enforcement's ability to obtain such information in investigations. The Department is assisting its attorneys and agents in appropriately enforcing the law in light of the Carpenter decision, and will continue to do so as lower courts further clarify the decision's extent.

Managing an Overcrowded Federal Prison System in an Era of Declining Resources

The Department remains committed to ensuring public safety by devoting necessary resources to incarcerate dangerous criminals in a safe and responsible way. While BOP was operating at approximately 36 percent above rated capacity at the end of FY 2013, it has declined significantly and is currently operating at approximately 13 percent above rated capacity, below BOP's target of 15 percent. At some facilities, BOP's prison population is 11 percent below rated capacity. Therefore, although effective management of prison resources is always an important part of the Department's work, the Department does not agree that overcrowding in the federal prison system is currently a critical challenge.

Reducing prisoner recidivism remains an important objective. The suggestion that "recidivism rates remain high," however, overlooks the fact that the recidivism rate for federal prisoners is substantially lower than the recidivism rates for other inmate populations in the United States. While the average five-year rearrest rate for state prisoners is approximately 77 percent, the comparable figure for federal prisoners is only 45 percent. While it remains an important goal of the Department to improve recidivism reduction programming where possible at the federal level, the comparatively lower recidivism rates for federal prisoners demonstrate the effectiveness of BOP's robust current recidivism reduction efforts.

Operating in an Increasingly Resource-Challenged Environment While Maintaining Physical Security

In 2017, the Department instructed BOP to eliminate approximately 5,000 unfilled, unfunded positions. While the elimination of these positions did not directly affect BOP operations and security, it did increase the occasions when institutions will utilize non-corrections BOP staff members to perform correctional officer duties in order to maintain security. Although all BOP staff are trained in law enforcement duties and are hired to perform "correctional workers first" duties (and receive law enforcement pay and benefits as a result), the increased time away from the position for which they were hired can result in administrative work, such as hiring, to fall behind.

BOP has taken steps to further enhance safety, security, and programming at contract prisons, and works expeditiously to implement improvements recommended by the DOJ OIG 2016 Report on "Review of the Federal Bureau of Prisons' Monitoring of Contract Prisons. BOP has significantly strengthened its Oversight Checklist and other tools used to monitor, track, and evaluate contractor performance. This includes reviews in the areas of healthcare, staffing requirements, food services, transfer requests, inmate appeal rights, correctional services, and safety.

In light of the 2016 OIG report noting deficiencies related to BOP's contraband tracking capabilities, policies, guidance, and training, Intel staff continue to work with ATG on the upgrades to TRUSCOPE that close out the OIG Recommendation regarding contraband tracking capabilities. Intel staff are currently completing and finalizing these upgrades before launching them system-wide.

Monitoring the Impact of Revised Enforcement Policies on the Federal Prison Population

The BOP has expanded the number of Immigration Hearing Sites (at both BOP Private Contract facilities). BOP works with ICE to ensure that all inmates requiring an Immigration Hearing are placed at one of DOJ's Hearing Sites at the appropriate time. Once the inmate is there, ICE and EOIR are responsible for moving forward with hearings and any resulting enforcement actions.

Evaluating the Effectiveness of Efforts to Reduce Inmate Population and Recidivism

BOP has conducted the recidivism analysis required by the Second Chance Act, as discussed in past Top Management and Performance Challenges reports. DOJ submitted a study on the overall recidivism rate for federal inmates to Congress in 2017 and 2018.

Building Productive Relationships and Trust Between Law Enforcement and Communities

Partnering with Communities to Achieve Violence Reduction and Improve Trust in Police-Community Relationships

The COPS Office is systematically coordinating with OJP and CRS on a monthly basis to share information and prevent overlap of services. These monthly calls are a direct result of the OIG finding.

With the announcement of the Collaborative Reform Initiative Technical Assistance Center (CRI-TAC), all COPS office technical assistance is being streamlined. As such, the Critical Response is no longer a program. The COPS office incorporated an evaluation into CRI-TAC. Furthermore, the COPS office is engaging with tribal law enforcement through the CRI-TAC program and is providing directed marketing efforts to ensure awareness.

Collecting, Analyzing, and Sharing Law Enforcement Data to Enhance Officer Accountability and Safety

COPS spearheads the Police Data Initiative. This initiative will continue to function after COPS' funding ends.

Coordinating within the Department and Across Government to Fulfill the Department's Mission to Combat Crime

Combating Drug-Related Crime

On January 24, 2018, DEA's Pharmaceutical Investigation Section sent approximately 366 prescriber/pharmacy leads to all field divisions for further investigative inquiry as part of a 45-day surge. These leads, which were developed in partnership with Department leadership and other Department components, were the result of data analytics that identified outliers through analysis of opioid prescriptions issued, ages of patients, overdose hot spots, ARCOS data, and Medicare Part D claims. By the conclusion of the surge on March 26, 2018, DEA had conducted 188 investigations, resulting in the execution of 21 search warrants and the arrests of 28 targets. DEA also executed five administrative inspection warrants, conducted 34 scheduled regulatory investigations, issued 57 Letters of Admonition and 25 Memorandums of Agreement, issued 20 Orders to Show Cause and five Immediate Suspension Orders, and processed 142 surrenders for cause.

On June 28, 2018, Attorney General Sessions and Health and Human Services (HHS) Secretary Alex M. Azar III, announced the largest ever health care fraud enforcement action, involving 601 charged defendants across 58 federal districts for their alleged participation in health care fraud schemes involving more than $2 billion in false billings. Of those charged, 162 defendants, including 76 doctors, were charged for their roles in prescribing and distributing opioids and other dangerous narcotics. From July 2017 until June 2018, HHS excluded 2,700 individuals from participation in Medicare, Medicaid, and all other Federal health care programs, which included 587 providers that were excluded for conduct related to opioid diversion and abuse. DEA is currently collaborating with HHS to identify DEA registrants who were mandatorily excluded in order to initiate administrative action against these registrants.

The Department also established the Opioid Fraud and Abuse Detection Unit (OPFAD), a pilot program in 12 U.S. Attorney's Offices (USAO) that utilizes health care fraud data to identify and investigate individuals suspected of diverting controlled substances. This Unit works to identify physicians who are writing opioid prescriptions at rates far exceeding their peers and to determine how many of a doctor's patients died within 60 days of an opioid prescription, the average age of patients receiving these prescriptions, pharmacies that are dispensing disproportionately large amounts of opioids, and regional hot spots for opioid abuse. To date, this Unit has already delivered detailed information packets to more than 50 USAOs, and is continuing to create detailed information packets for additional offices, in addition to providing data analytics training, which enables federal prosecutors to quickly target and prosecute those who are contributing to the opioid abuse epidemic.

On August 13, 2018, Assistant Attorney General Brian Benczkowski announced the creation of the Philadelphia/Newark Strike Force, a joint effort between DOJ, HHS, FBI, and DEA, to combat health care fraud and the opioid epidemic in the District of New Jersey and the Eastern District of Pennsylvania. These two new SF districts join the other 10 districts in prosecuting health care fraud crimes and the illegal prescriptions of opioids. In total, in FY 2017 and FY 2018, the Criminal Division's Health Care Fraud Unit has charged 98 defendants for their role in prescribing and distributing opioids and other dangerous narcotics. In total, these charges allege the illegal prescription of more than 34.6 million dosage units of opioids. To date, of these 98 defendants, 34 defendants have been convicted of opioid-related crimes, and 64 are awaiting trial.

Finally, on October 25, 2018, Attorney General Sessions announced the creation of the "Appalachian Regional Prescription Opioid" Strike Force (ARPO SF). The Department, through its Criminal Division and nine US Attorney's Offices, established the ARPO SF to better target criminal conduct associated with the improper prescription and distribution of prescription opioids throughout the Appalachian region – focusing especially on criminal conduct by physicians, pharmacists, and other medical professionals. The ARPO SF will assign 12 experienced health care fraud prosecutors, along with specialized agent resources, to support nine federal districts across and adjacent to the Appalachian region, deployed across two hubs. The Northern Hub, based in the Cincinnati/Northern Kentucky area, will support five districts: Eastern District of Kentucky, the Western District of Kentucky, the Southern District of Ohio, the Northern District of West Virginia, and the Southern District of West Virginia. The Southern Hub based in Nashville, TN, will support four districts: the Eastern District of Tennessee, the Western District of Tennessee, the Middle District of Tennessee, and the Northern District of Alabama. The ARPO SF will also investigate and prosecute violations of health care fraud whenever such fraud is detected through Strike Force's work in the region.

Additionally, in addressing the drug threat in the U.S., a DEA priority is combatting the organizations responsible for trafficking illicit narcotics and precursor chemicals into the U.S. In order to maximize the utility of additional resources provided in recent appropriations, DEA has implemented a Staffing Allocation Model that uses a variety of data points to identify the locations where additional enforcement resources are likely to have the biggest impact on the current opioid crisis. Along with combatting the current opioid epidemic, DEA remains attentive to other drug trends, including the resurgence of methamphetamines, Columbian coca cultivation, and the growth in cocaine trafficking.

The Department agrees that there is a need to find better measures in the addressing the opioid crisis, and it is working to develop an opioid related measure as noted in the FY 2018-2022 Strategic Plan.

Ensuring Efficient Coordination to Combat Complex Criminal Threats

Human trafficking is a crime in which offenders generally use physical force, fraud, or coercion to obtain and maintain control over vulnerable victims. The Trafficking Victims Protection Act (TVPA) authorizes the Attorney General to make grants to develop, expand, or strengthen victim service programs for victims of trafficking. Over the past decade, the Department's collaborative response to trafficking victims has evolved, integrating data, research, and best practices into programs that respond to the diverse needs of victims of sex trafficking and labor trafficking. In FY 2018, the Department's Office for Victims of Crime made 84 grant awards totaling $57.7M to state and local governments, non-profit agencies, and community-based victim service organizations to respond to human trafficking. These awards will support direct services for victims, both adults and children, and victims of both sex and labor trafficking; as well as provide training and technical assistance to law enforcement, court personnel, and other responders. Of the FY 2018 total funding, $22M supported the Enhanced Collaborative Model for Human Trafficking Task Forces, a program that funds the development and operation of local law enforcement- victims service provider collaborations to identify and serve victims and investigate cases and bring perpetrators to justice. The Department now funds 35 task forces in jurisdictions across the U.S. OJP's Office of Juvenile Justice and Delinquency Prevention (OJJDP) awarded $1.8M to three mentoring project sites and one training and technical assistance provider to help organizations develop or enhance their mentoring capacity, facilitate outreach efforts to identify victims, and increase the availability of direct services for child victims of commercial sexual exploitation and domestic sex trafficking. In addition, OJJDP awarded $1.9M to help improve the lives of child and youth victims of sex and labor trafficking by integrating human trafficking policy and statewide approaches to serving trafficked youth.

By the end of 2019, the Department will expand the number of Tribal Access Data Program (TAP) participating tribes by more than 50 percent—from 47 tribes to 72. Because of TAP, Tribal police are now able to access investigative reports from across the country and have already safely recovered a kidnap victim and arrested the suspect. Tribes have registered nearly 600 sex offenders, entered over 1,000 Orders of Protection into TAP systems, conducted over 4,000 background checks of individuals seeking employment in positions with contact with children, and prohibited nearly 300 instances of someone purchasing a firearm.

Administering and Overseeing Contracts and Grants

Contracts

The Department remains committed to ensuring public safety by devoting necessary resources to monitoring contract compliance. Specifically, in relation to the April 2017 audit of a USMS contract to operate a detention center, the USMS has provided direct oversight and quality control, with the establishment of 10 Detention Contract Administrators (DCAs) to ensure private prison contractors provide the level of staffing, security, and programs their contracts require. In addition, the USMS has established DCAs in two non-private facilities with large and dynamic detention populations and management. To assist the DCAs in monitoring detention service contract compliance, the USMS has also developed standard operating procedures and contract monitoring instruments.

Grants

OJP recognizes the inherent risk associated with overseeing a grants portfolio of almost 7,250 open awards totaling approximately $11 billion. As such, OJP integrates programmatic, financial, and administrative oversight throughout the grant lifecycle. This requires extensive work across OJP in areas such as programmatic and financial monitoring, grantee audit resolution, review of internal controls, training and technical assistance, performance management, and targeted outreach to high-risk or at-risk grantees, and carrying out program assessments on the performance of grant programs and grantee compliance.

OJP carries out a rigorous oversight and monitoring program using a risk based approach to identify and focus effort on those grants and grantees posing the highest risk to Federal funds. OJP consistently exceeds its statutory requirement to conduct comprehensive monitoring of not less than 10 percent of total award dollars. In FY 2018, OJP completed in-depth programmatic monitoring of just over 900 grants totaling almost $2.5 billion, over twice the amount required by law. In-depth programmatic monitoring (on-site or remote) is an extensive review of the grantee's activities. OJP also conducts annual desk reviews on each active award.

In addition, OJP's Office of the Chief Financial Officer (OCFO) provides financial monitoring for the Department's entire grants portfolio (OJP, the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS Office)), almost 10,000 active grants totaling approximately $13 billion for FY 2018. In FY 2018, OJP's OCFO carried out financial monitoring of approximately $1.3 billion of COPS Office, OJP, and OVW's active grant funding. This included on-site financial monitoring of 356 grants totaling over $670 million, and financial desk reviews (conducted remotely from OJP) of 369 grants, totaling more than $620 million. As a result, OCFO identified nearly $13.6 million in questioned costs.

OCFO continues to make the timely follow up and closure of site visit and desk review findings and recommendations a priority. As a result, in FY 2018 OCFO worked with grantees to close out 65 monitoring site visits resolving $17 million in questioned costs and 361 grant desk reviews resolving almost $430,000 in questioned costs.

Financial Management Training and Technical Assistance

To improve compliance and reduce the risk of fraud, waste, and abuse, beginning with FY 2017 awards OJP required all award points of contact and financial points of contact to complete grants financial management training. In FY 2018, approximately 2,600 grantees successfully completed OJP's on-line or in-person basic grants financial management training, a cumulative total of approximately 6,000 grantees since OJP established this requirement beginning with FY 2017 awards. In addition, more than 2,300 grantees participated in OJP's training sessions and webinars focused on specific and/or advanced topics, more than twice the FY 2017 participation rate.

Close coordination with grantees to address OIG audit findings

OJP continues to closely coordinate with grantees and the OIG to address issues identified in grant audits and timely resolve outstanding OIG audit recommendations. In FY 2018, OJP received 70 audit reports, containing 282 recommendations and $24.2 million in questioned costs. In FY 2018, OJP facilitated the closure of 122 single and OIG grant audit reports. This represented the closure of 432 recommendations and $17.6 million in questioned costs. Among the closed reports, 68 percent of the $17.5 million in questioned costs identified by the OIG were ultimately supported by grantees, determined to be allowable and/or approved by OJP; 14 percent or $2.5 million were returned to the Department for better use; 13 percent was waived; 4 percent was returned to Treasury; and none were duplicate costs addressed by the Department grant recipients in other audit reports, or erroneously identified as the Department expenditures. As of September 30, 2018, OJP had 96 grant and single audits open, containing 535 recommendations and $81.6 million in questioned costs.

In 2018, the OIG issued a press release announcing resolution of its 2014 report on OJP's John R. Justice (JRJ) grant program. The OIG recognized that OJP had made substantial improvements to its management of the program and collected or referred for collection more than $1.4 million in repayments OJP determined were owed to the Federal Government by grant beneficiaries. The OIG recognized OJP's significant efforts to clarify guidance on JRJ program requirements, improve recordkeeping, and enhance monitoring of JRJ spending.

In 2018, the OIG issued a report on DOJ's Grant Award Closeout process after reviewing more than 43,000 awards made between 2008 and 2016, totaling $26 billion. Closeout is the final point of accountability for a grant recipient, and the process by which the awarding agency determines that all applicable administrative actions and required work of the award have been completed. The OIG stated that OJP, the COPS Office, and OVW had made significant improvements to the grant award closeout process since the OIG's last audit of the process was issued in 2006, including closeout timeliness and agency funds management. The primary reason for grants not being closed within established timeframes is because they are under audit and cannot be closed until all issues have been remedied by the grantee.

Subrecipient Monitoring

Under the law, the grantee is responsible for directly monitoring its subrecipients. It is OJP's responsibility to ensure that its primary award recipients conduct proper oversight of their subawardees. Recent OIG audit reports have identified areas of improvement related to subrecipient monitoring. OJP, having recognized this as a weakness for some grantees, has been strengthening its guidance and training related to subrecipient awards and monitoring. In July 2017, OJP posted guidance documents to clarify the difference between subawards and procurement contracts under an OJP award and outlined the compliance and reporting requirements for each. This guidance was also emailed to all active OJP grantees. In FY 2018, OJP provided targeted training to 870 primary award recipients on their responsibilities for subrecipient monitoring (participants also included in the "training sessions and webinars focused on specific and/or advance topics," above). OJP also conducted a mandatory grants management update training for all OJP grant managers, which included in-depth instruction specific to monitoring award recipients with subrecipients.

All OJP applicants are required to complete a Financial Management and System of Internal Controls Questionnaire that addresses, among many factors, whether the organization has controls in place to properly monitor activities of subrecipients. Starting in FY 2017, if an applicant did not affirm that this was the case, OJP applied a special condition to the award requiring submission of adequate subrecipient monitoring policies and procedures before the award recipient may expend or draw down funds.

In addition, in FY 2018, OJP updated its standardized in-depth monitoring checklist to require grant managers to review the grantee's full subrecipient process encompassing areas such as prime recipient verifies the subawardee's status on the Excluded Parties List, subrecipient award agreements, and monitoring and oversight policies and procedures to include the prime recipient's risk assessment process.

Management of the Crime Victims Fund

With regard to the management of the Crime Victims Fund (CVF), OJP recognizes the increased risk presented by additional appropriations for the CVF and takes seriously its responsibility to ensure fiscal accountability for all recipients. The Office for Victims of Crime (OVC) has taken numerous steps to address the risks associated with the large increases of the CVF, such as prioritizing the in-depth monitoring of these awards; preparing quarterly risk indictor reports to proactively identify and resolve potential issues; and assessing adequacy of subrecipient monitoring policies, procedures, and practices of all CVF grantees.

In FY 2018, OJP developed a coordinated monitoring oversight strategy for State Administering Agencies (SAA), including those administering CVF-funded grants, to be implemented in FY 2019. The strategy is risk-informed and has a goal of providing on-site monitoring to each SAA once every four years, subject to resource availability. OJP has also provided training to OVC program and financial specialists responsible for programmatic and financial monitoring of CVF grants, and has also published the Victims of Crime Act (VOCA) Victim Assistance Program final rule, which provides guidance to SAA's regarding states' responsibilities for monitoring subrecipients.

OJP also recognizes the need to ensure grantees are able to provide sufficient support for performance data reported. OVC currently has a detailed four-step analytic validation process, which includes automated system validations, verification through data analysis, and detailed reviews by grant managers. These processes are being reviewed and documented to ensure that best practices are being followed at all steps. OVC will continue its efforts to strengthen the process for reviewing, verifying, and validating the accuracy of all performance data, including grantee-reported data. In addition, OVC incorporated questions, as appropriate, into the OJP standard in-depth monitoring checklist to review, verify, and validate the accuracy of performance data reported for CVF activities.

Tribal Three Percent Set-Aside

The FY 2018 CVF funding specified that three percent, or approximately $133 million of the funding, be available to OVC for grants to Indian tribes to improve services for victims of crime. This presents additional challenges and will require sufficient oversight and monitoring to ensure proper use of the funds. In recognition of these challenges, in FY 2018, OJP awarded a contract to obtain a variety of financial management training and technical assistance (TTA) for DOJ's existing and potential American Indian (AI) and Alaska Native (AN) eligible tribes, tribal consortia, and tribal designees to support crime victim service organizations. The purpose of the contract is to build grants financial management capacity and enhance basic tribal grants financial management infrastructure, management capability, and tribal oversight capacity, all designed to improve tribal grants financial management, and thereby allow the tribes to better provide and oversee federally funded programs. This includes individualized and targeted TTA to support the establishment of the basic framework of a financial management system and/or automated tools as applicable. The contractor will provide a range of high quality organizational financial management support services, with experience in working with tribal and territorial grantees.

In addition, awards made under this program will be reviewed regularly through quarterly Risk Indicator Reports, as well as an in-depth review of the programmatic performance of the awards. The Office of Audit, Assessment, and Management (OAAM), in coordination with OVC, will quarterly review administrative and financial compliance of the awards including progress reporting, financial reporting, drawdown rates, and other risk factors. The results of these reviews are reported regularly to the Chief Risk Officer by the Enterprise Risk Management Team in OAAM.

Effectively Applying Performance-Based Management to Inform Decision Making and Improve Outcomes

The Department is committed to improving its performance management practices. With the publication of the new FY 2018-2022 Strategic Plan, the Department will initiate a number of actions over the coming year to manage and monitor progress towards achieving its goals and objectives. This will include conducting the Strategic Objective Review (SOR), which is an annual assessment on the progress toward achieving the strategic objectives described in the DOJ Strategic Plan. As part of the SOR process, the Department will conduct a comprehensive environmental scan to identify risks and challenges relevant to each strategic objective and actions and next steps to address some of these challenges.

The Department agrees with the OIG on the importance of establishing policy goals and objectives, establishing meaningful measures, and managing its progress in achieving those goals. This past year, the Department engaged in a collaborative process to establish a new Strategic Plan that describes the priorities of the Department over the next five years.

The OIG notes that the Department had not laid out its FY 2019 performance plan. The Department does have FY 2019 performance targets for its measures, although those targets have not yet been published. The normal vehicle, the FY 2017 Agency Performance Plan (APR)/FY 2019 Agency Performance Plan (APP), was published in February of this year prior to the completion of the Strategic Plan. However, the FY 2019 plan will be included in the FY 2018 APR/FY 2020 APP. The Department notes that, of the 31 measures included in the Strategic Plan, 19 are new measures and therefore, in a number of cases, FY 2018 data will serve as a baseline for developing out year targets. In addition, the Department agrees that the nature of the Department’s work makes developing programmatic outcome measures challenging. The Department is working through many of those issues as it develops the four measures related to its strategic objective to reduce violent crime, as noted by the OIG.

Measuring the Effectiveness of Department Programs with Accurate Data and Relevant Metrics

OJP has taken steps to enhance its ability to assess grantee performance. In 2016, OJP’s OAAM conducted a Business Process Improvement (BPI) assessment of the DOJ grant-making component’s (OJP, COPS, and OVW) approaches to performance measurement and progress reporting (PM/PR). The purpose of the BPI was to improve efficiency and promote consistency across grant-making components in their PM/PR data collection and analysis efforts. In response to the BPI’s recommendations, OJP is 1) reviewing and revising over 700 existing performance measures to better focus on program outcomes; 2) developing a shared, on-line knowledge center to share best practices and training materials; 3) addressing skill gaps by creating trainings on all aspects of performance management; and 4) instituting new policies, procedures, and governance structure to promote a results-oriented culture.

In FY 2018, OJP's OVC established five outcome-oriented objectives that relate to each CVF-funded activity that aligns with the Department's Strategic Plan Goal 3: Reduce Violent Crime and Promote Public Safety, Objective 3.1: Combating violent crime, promoting safe communities, and upholding the rights of victims of crime. In addition, OVC developed and implemented new performance indicators to capture CVF activities, which directly relate to the revised CVF goals and objectives that were developed. OVC will monitor progress towards meeting the CVF strategic goal and objectives by reviewing the newly established performance indicators and milestones. OVC tracks these indicators through grantee data reported in OVC's Performance Management Tool. The OIG closed this finding in September 2018.

Identifying Areas of Risk

In FY 2018, OAAM's A-123 compliant Enterprise Risk Management (ERM) program supported the Chief Risk Officer and the Risk Management Council in their work overseeing the management of risk across OJP. The program assisted in developing the annual programmatic and financial monitoring plan, and provided quarterly and monthly metrics/updates towards meeting the plan. The ERM team developed a Program Risk Assessment Tool (PRAT), which allowed OJP to assess and manage risk at a programmatic level, and the Program Assessment Division used the tool to develop their yearly assessment plan. ERM also managed the Pre-Award Risk process of over 6,000 applications, which grant managers used to develop risk mitigation strategies for high risk applicants. Under ERM, OJP formed the Monitoring Steering Group, whose members work to improve the effectiveness and efficiency of its oversight of funds awarded to State Administering Agencies (SAAs).

Further, OJP's A-123 internal control review, examined 56 business processes and tested 397 key controls to ensure they were providing effective control over processes. Strengthening OJP's audit resolution processes, timeliness, and internal controls results in improved credibility and capacity to administer funding and provide assistance to the justice community.

While the COPS Office does not have a formal evaluation business unit that is responsible for coordinating evaluation or evidence-based activities, the COPS Office does recognize the importance and value of integrating evidence into management and policy decisions in an effort to improve operational effectiveness. The COPS Office is committed to operational and/or field research and implementing an evidence-based strategy as part of our policy, budget, management and operational decision-making. For example, in recent years the COPS Office has coordinated and facilitated several external evaluation efforts that have examined the impact of COPS Office funding on FBI Uniform Crime Reports (UCR) reported crimes, and these have provided valuable data demonstrating the effect of COPS Office hiring funding on UCR Part I crime reduction. The COPS Office also views its appropriated investments in field-driven innovation through other programs as opportunities to demonstrate effective law enforcement practices that improve public safety. The COPS Office knows that there is significant replication of these innovations, and will work to capture the impact that they have on crime reduction goals in the future.

The COPS Office is currently developing a strategy and implementation plan that focuses on having a strong evidence infrastructure. The strategy will place a focus on the following areas: engaging and acquiring/training staff with the necessary skill sets, designing credible and reliable program evaluation methods, making better use of existing administrative and performance data, and implementing tools and methods that better respond to the agency's critical business needs.

Despite not having an evaluation business unit or a formal approach to using evidence, the COPS Office continually updates or makes improvements to its business processes and operations with the results on on-going audits and external evaluations. For example, OMB Circular A-123 provides guidance for federal managers on improving the accountability and effectiveness of federal programs. A-123 requires that the COPS Office be audited on how well it follows internal control policies and practices on administering its grant management program.

The COPS Office also take a number of steps to ensure the effective implementation and evaluation of our programs, including regular reviews of progress report data, follow up on flags generated by a financial system algorithm, conducting monitoring on-site visits and audit desk reviews, and regular contact with grantees.

Filling Mission Critical Positions Despite Department Challenges and Delays in the Onboarding Process

Recruiting and Retaining Skilled Experts in the High Demand Cybersecurity and Healthcare Fields

The Office of the Chief Information Officer (OCIO) agrees that recruiting and retaining cyber professionals is a challenge. The inability to offer salaries commensurate to other government agencies, e.g. FDIC and SEC, that have much higher pay authorities puts the Department at an inherent disadvantage. OCIO is maximizing the use of existing authorities to address this challenge by offering flexible work arrangements and tuition reimbursement, and using direct hire authority for cybersecurity positions to help expedite the hiring process for critical vacancies.

The Department has requested Direct-Hire Appointment Authority on behalf of two components in response to the opioid crisis, and a recent authority announced by OPM authorizes direct hire appointing authorities for several Scientific, Technical, Engineering and Mathematics (STEM) positions, as well as Cybersecurity and related positions, where severe shortages of candidates and/or critical hiring needs have been identified.

A July 10, 2018 executive order gave the U.S. Marshals Service (USMS) excepted service hiring authority. The USMS is the only law enforcement component of the Department of Justice that did not have excepted service appointment authority for positions with criminal investigation responsibilities. USMS will benefit from this hiring authority through increased efficiencies, targeted recruitment, agile hiring, and parity with other Department law enforcement hiring practices. Excepted service will allow the USMS to target recruiting to areas where they need the deputies. With excepted service, the USMS can recruit to fill basic deputy classes on a rolling basis, which is more efficient and less costly and will enhance the USMS's ability to put law enforcement officers on the front lines to conduct its core missions of protecting the judiciary, producing prisoners for trial, apprehending violent fugitives, providing witness security, and seizing assets of those involved with criminal activity.

Building a Diverse Workforce by Ensuring Equitable Hiring Policies and Practices

The July 10, 2018 Executive Order (EO) titled, "Establishing an Exception to Competitive Examining Rules for Appointment to Certain Positions in the United States Marshals Service, Department of Justice," grants the USMS the authority to hire Deputy United States Marshals and Criminal Investigators (082 and 1811 job series) under excepted service appointment provisions, with eligibility for conversion to the competitive service upon completion of 3 years of substantially continuous, fully satisfactory service.

With excepted service hiring authority, the USMS will conduct targeted recruiting with the goal of improving the diversity of the applicant pool. Implementation will begin in the first quarter of fiscal year (FY) 2019. The USMS Human Resources Division (HRD) and the Office of Equal Employment Opportunity (OEEO) will be tracking the effectiveness of its applicant sourcing on diversity as the USMS moves forward with this new authority. Applicant data will be gathered at all stages of the process, from the first point of contact at information sessions through the point at which applicants are hired and placed in a training class. The data will be analyzed to ensure the USMS is making progress in increasing outreach to women and minorities, and increasing diversity in the applicant pool. The data will be used to make adjustments in the recruiting plan, as necessary. In addition, the USMS will continue to track and analyze promotion and retention statistics by gender to ensure that barriers are identified and corrective actions are taken.

Selections will be made solely on the basis of merit and job-related criteria. In conjunction with OEEO, law enforcement applicants will initially be recruited by the District Recruiting Officers through a defined recruitment plan. HRD and OEEO will be working with each district to develop and implement district recruiting plans. Metrics will be gathered from each recruitment effort to evaluate the effectiveness of the applicant source. The USMS expects the first hires under the new appointing authority be placed in the fourth quarter of FY 2019.

In order to identify any possible existing barriers for the advancement of women in the USMS, the USMS will continue to analyze available workforce data concerning all five critical phases of the employment life-cycle as identified by the United States Equal Employment Opportunity Commission: 1) Recruitment; 2) Hiring; 3) Training and Development; 4) Promotions; and 5) Separations. If significant disparities are identified at any stage in the employment life-cycle, the USMS will conduct an analysis to identify "root causes" for the disparities and develop solution strategies.

In an effort to address the perceived lack of access to informal mentoring identified by female Criminal Investigators as a barrier to advancement, the USMS has instituted a speaker series and workshops focusing on effective informal mentoring strategies that support career development.

To date, two programs have been held at USMS Headquarters (March 29, 2018, and October 3, 2018). The presentations have been provided by senior level female executives from the Federal Bureau of Investigation. Similar career development activities are anticipated at both the headquarters and district levels during FY 2019 and beyond.

Additional developmental opportunities targeting female employees included attendance of 29 female USMS employees at the following organizations' training conferences:

- Women in Federal Law Enforcement (June 25 through 28, 2018);
- Federally Employed Women (July 16 through 20, 2018);
- National Association of Women Law Enforcement Executives (Aug. 1 through 4, 2018); and,
- International Association of Women Police (Aug. 26 through 30, 2018).

A total of five female USMS employees attended the following training conferences that specifically targeted both male and female law enforcement officers during FY 2018:

- National Organization of Black Law Enforcement Executives (July 27 through Aug. 1, 2018);
- National Asian Peace Officers Association (August 20 through 23, 2018);
- National Native American Law Enforcement Association (August 28 through 30, 2018); and,
- National Latino Peace Officer Association (September 5 through 8, 2018).

The training offered by these organizations is expected to enhance the attendees' professional and leadership skills necessary for advancement into all ranks of government, including the senior executive level. Moreover, attendees are afforded the opportunity to interact with USMS senior leadership and representatives of other federal agencies and thereby expand their professional network and mentoring relationships. The law enforcement specific training conferences also offer an examination of key investigative and security issues faced by law enforcement.

In addition, the USMS Training Division (TD) has a partnership with the Treasury Executive Institute (TEI) which provides training to GS-14s and above, including senior executives and United States Marshals. The TEI has coaching and mentoring programs that GS-14s and above have access to, both in person and online. Recently, TD worked with TEI to market the program more effectively across the USMS. More information will be provided to employees in the first quarter of FY 2019. TD is also working with TEI to build a coaching and mentoring program within the USMS.

To improve objectivity and transparency of the merit promotion process, the USMS redesigned its operational merit promotion process. The GS-1811-13 process is complete and in use. The GS-1811-14 process will be initiated in the second quarter of FY 2019. The GS-1811-15 process redesign has begun and will be completed by the end of FY 2019.

TD has completed its content identification for the development of new competency training plans for the GS-1811-13 track and plans to have the curriculum packaged for delivery by the end of FY 2019. TD is also working on creating Individual Development Plans in the Learning

Management System for Deputy United States Marshals' development for the GS-1811-13, 14, and 15 tracks. This feature is also expected to be implemented within FY 2019.

Finally, since its implementation in FY 2017, 2,241 employees have taken the "Diversity and Harassment Prevention" training course. This USMS bi-annual web-based training articulates what diversity is and recommends behavioral tools that support a diverse and cohesive work environment. It also provides a better understanding of what harassment is, the employee/management responsibilities for preventing, and how to report harassment if it happens. OEEO also performs district site visits to discuss EEO-related issues within the district and provide training on the complaint process. OEEO has conducted site visits at the Western District of Washington (Seattle, Washington) on April 10, 2018, and the Southern District of Alabama (Mobile, Alabama) on May 3, 2018. Additional districts are currently under consideration for site visits during FY 2019, including a planned site visit at the Northern District of California (San Francisco, California) during the first quarter of FY 2019.

Ensuring Adherence to Established Department Policies and Procedures

The Department remains committed to promoting and ensuring accountability, consistency, and objectivity in its operations. As part of its effort to ensure Department employees are aware of policies governing their work, the Department in September 2018 announced an updated United States Attorneys' Manual, now titled the Justice Manual. It is the first comprehensive review and overhaul of the Manual in more than 20 years.

By 2017, many provisions of the Manual no longer reflected current law and Department practice. This diminished the Manual's effectiveness as an internal Department resource, and reduced its value as a source of transparency and accountability for the public. To bring the Manual up to date, employees from around the country, primarily career attorneys, undertook a yearlong, top-to-bottom review. The Department's goals were to identify redundancies, clarify ambiguities, eliminate surplus language, and update the Manual to reflect current law and practice. Some specific changes include expanding the Principles of Federal Prosecution to incorporate current charging and sentencing policies, and adding new policies on religious liberty litigation, third-party settlement payments, and disclosure of foreign influence operations.

While the Department is always vigilant regarding adherence to established policies and procedures, it rejects in the strongest terms any suggestion that there is a widespread lack of accountability. For example, in relation to OIG's anecdotal example of FBI actions in advance of the 2016 election, it is important to note that at least two Department employees (including former FBI Director Comey) were terminated from their employment due to their failure to adhere to Department policies. Other anecdotes provided in the OIG report also fail to provide any metric whatsoever to demonstrate a widespread lack of adherence to established policies and procedures, particularly in the context of the more than 110,000 employees of the Department. In general, the Department believes its employees routinely adhere to Departmental policies and procedures and to the high ethical and performance standards that the public expects of civil servants. When employees fail to adhere to those standards, the Department takes corrective action, including disciplining employees as appropriate, to ensure accountability.

Undisbursed Balances in Expired Grant Accounts

Section 528 of the Consolidated Appropriations Act, 2018 (Public Law 115-141), requires certain departments, agencies, and instrumentalities of the United States Government receiving appropriations under the Act to track undisbursed balances in expired grant accounts.

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 Circular No. 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, you may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements." The below information is required to be reported in the Agency Financial Reports and annual performance plans/budgets 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; 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.

Three Department of Justice grant-making agencies are required to report under this guidance: Community Oriented Policing Services (COPS), Office of Justice Programs (OJP), and the Office on Violence Against Women (OVW). For COPS and OVW, there were no accounts and undisbursed and unobligated balances to report in FY 2018. OJP reported 2 FY 2018 accounts.

1. Details on future actions that will be taken to resolve undisbursed balances in expired grant accounts:

COPS closely monitors the financial activity of all its grantees. This includes requiring all grant recipients to report the financial expenditures for all COPS awards on a quarterly basis. COPS has a dedicated group of Grant Program Specialists and Staff Accountants that offer grantees real-time technical assistance on implementation of their grant(s).

The COPS Grants Administration Division and the COPS Finance Business Unit collaborated to create a notification system to alert grantees that still have available funds at 120 days before the grant end date. The alert encouraged these grantees to review their grant program requirements and take advantage of the impending arrival of an extension letter, as needed. Grant Program Specialists contact grantees several times before the grant end date so that Post-Close requests for extensions can be averted. After reaching the grant end date, COPS Finance staff compares the expenditures listed on the final Financial Status Report with the Financial Management Information System 2 (FMIS2) balance of funds that have previously been disbursed. If there is an eligible disbursement available, the grantee will receive a notice approximately every 30 days instructing them to draw down the eligible balance before the 90 day grace period ends.

All OJP discretionary/categorical and block/formula grantees are required to submit a financial report quarterly. Grantees have 90 days after the end date of the award to drawdown funds and close out the award. If the payments to the grantee are less than the amount of the grant expenditures, then the grantee is given the opportunity to draw down these funds. OJP Customer Service Outreach staff calls the grantee to ask them to draw down their funds. The first notice will commence on the same day as the phone call to the grantee. If the grantee has not drawn down their available funds after 14 calendar days, a second contact is made by the Customer Service Outreach staff and a second notice is sent. If there is no action by the grantee, a third notice is sent to the grantee informing them that OJP will de-obligate the funds from their grant. If the grantee has not retrieved their funds after 14 additional calendar days, the funds are de-obligated. After deobligation, the grantee will receive a Grant Adjustment Notice (GAN) in the mail informing them that the funds have been de-obligated and are no longer available and the grant is closed.

OVW closely monitors the financial activity of all its grantees. All grant recipients are required to report their financial expenditures for OVW awards on a quarterly basis and their project performance activities on a semi-annual or annual basis.

2. Method used to track undisbursed balances in expired grant accounts:

COPS utilizes FMIS2 data and data from OJP's Grant Payment Request System (GPRS) to track CHRP undisbursed balances. The COPS Office Staff Accountants also use the Federal Financial Report (SF-425) to compare the reported final expenditures with the actual final drawdowns to identify discrepancies that need attention. OJP currently uses its Grants Management System (financial reports), FMIS2 and GPRS to track undisbursed balances. OVW utilizes both FMIS2 data as well as data from OJP's GPRS to track undisbursed balances.

3. Identification of undisbursed balances in expired grant accounts that may be returned to the Treasury:

The Department has the authority to transfer unobligated balances of expired appropriations to the Working Capital Fund. Specifically, Public Law 102-140 provides that at no later than the end the fifth fiscal year after the fiscal year for which funds are appropriated or otherwise made available, unobligated balances of appropriations available to the Department of Justice during such fiscal year may be transferred into the capital account of the Working Capital Fund to be available for the Department-wide acquisition of capital equipment, development and implementation of law enforcement or litigation related automated data processing systems, and for the improvement and implementation of the Department's financial management and payroll/personnel systems. Therefore, in general, unobligated and undisbursed balances in the Department's expired grant accounts will be transferred to the Working Capital Fund for use as authorized by law, not returned to the Treasury.

4. The total number of expired grant accounts with undisbursed balances and the total finances that have not been obligated to a specific project remaining in the accounts, are as follows (dollars in millions):

OJP:
FY 2014: 4 accounts; $94.1 in undisbursed and unobligated balances
FY 2015: 4 accounts; $40.7 in undisbursed and unobligated balances
FY 2016: 3 accounts; $4.9 in undisbursed and unobligated balances
FY 2017: 2 accounts; $0.5 in undisbursed and unobligated balances
FY 2018: 2 accounts; $2.4 in undisbursed and unobligated balances

COPS:
FY 2014: 1 account; $84.4 in undisbursed and unobligated balances
FY 2015: 0 account; 0 undisbursed and unobligated balances
FY 2016: 0 account; 0 undisbursed and unobligated balances
FY 2017: 0 account; 0 undisbursed and unobligated balances
FY 2018: 0 account; 0 in undisbursed and unobligated balances

OVW:
FY 2014: 1 account; $11.1 in undisbursed and unobligated balances
FY 2015: 1 account; $10.5 in undisbursed and unobligated balances
FY 2016: 0 account; 0 in undisbursed and unobligated balances
FY 2017: 0 account; 0 in undisbursed and unobligated balances
FY 2018: 0 account; 0 in undisbursed and unobligated balances

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APPENDICES

APPENDIX A

Office of the Inspector General's Analysis and Summary of Actions Necessary to Close the 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 the Independent Auditors' Report of this final report. The following provides the report's recommendations, the status of the recommendations, the OIG's analysis of the response, and a summary of actions necessary to close the report.

Recommendations:

1. **Establish and document Fund Balance with Treasury reconciliation policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner.**

   Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of implementing key organizational and process changes to enhance internal controls over the Fund Balance with the Treasury (FBWT) reconciliation process. These changes include additional resources, implementation of and updates to an automated reconciliation tool; as well as enhanced preparation, review and monitoring processes. The Department also stated that it will continue to document its FBWT policy and procedures to ensure that all reconciliations are properly completed and supported in a timely manner.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has sufficiently established and documented Fund Balance with Treasury reconciliations policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner.

2. **Enhance controls over the review and approval of fund designations for converted funds in UFMS.**

   Resolved. The Department concurred with our recommendation. The Department stated in its response that it will continue to enhance and document its processes and procedures; ensure that the reconciliation, review, and approval process for the conversion of funds in UFMS is complete, accurate, and timely. The Department also stated that it will continue to ensure that the correct designation is applied to the converted funds in UFMS and all discrepancies are identified, researched, and resolved timely.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently enhanced controls over the review and approval of fund designations for converted funds in UFMS.

3. **Revise its training processes associated with the generation of reports and queries in UFMS.**

   Resolved. The Department concurred with our recommendation. The Department stated in its response that process-based UFMS production training is an integral part of its UFMS business transformation process. As such it provides pre-implementation training such as UFMS learning labs, UFMS familiarization sessions, and specific process-based training at 3, 6, and 9 month marks prior to implementation. Ongoing process-based training is provided on a monthly basis for new and current users. Generation and application of UFMS reports and queries are included in every UFMS process-based training. The Department also stated that it will continue offering a separate UFMS reports and queries course throughout the year.

   An additional method for obtaining reports on UFMS data is the Justice Enterprise Data Integration (JEDI) tool. The Department stated that it will further develop and enhance accounting reports to facilitate monitoring and reconciliations. Further, the Department stated that it will also continue to provide JEDI training on obtaining financial management reports for OBDs accounting staff.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently revised its training processes associated with the generation of reports and queries in UFMS.

4. **Enhance the DOJ's level of supervisory review over journal entries, with an emphasis on a more robust review of underlying data and the general ledger accounts affected by the journal entry.**

   Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of adding senior manager positions to perform additional monitoring and oversight. Moreover, the Department stated that it will also enhance its review process to include analyzing related general ledger accounts.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented a more robust review of underlying data and the general ledger accounts affected by the journal entry.

5. **Assess reconciliation, financial reporting review, and other monitoring controls at certain OBD components, and identify those areas where the components' management could increase the rigor and precision of those controls.**

   Resolved. The Department concurred with our recommendation. The Department stated in its response that it will enhance its internal control review and assessment process to identify areas where OBD component management can increase the rigor and precision of financial management and reporting controls. Also, the Department stated that it will review, assess, and monitor controls in place at certain OBD components to ensure OBD management is performing adequate oversight.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented monitoring controls over certain OBD components.

APPENDIX B

Payment Integrity

The Improper Payments Information Act of 2002 (IPIA), as amended, requires agencies to annually report certain information on improper payments to the President and Congress through their annual Agency Financial Report (AFR) or Performance and Accountability Report (PAR).[1] The Department provides the following improper payments reporting as required by IPIA, as amended; OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*. See https://paymentaccuracy.gov/ for more detailed information on improper payments.

I. Payment Reporting.

For all programs and activities as determined under OMB Circular A-123, Appendix C, Part I.D, agencies shall identify the:

- **program/activity outlays for the current fiscal year, estimated amount of payments that were properly paid, improperly paid, and the corresponding percent for each by program or activity for the current fiscal year;**
- **estimated amount of improper payments that resulted in an overpayment and an underpayment for each by program or activity for the current fiscal year;**
- **estimated amount of improper payments made directly by the Government and the amount of improper payments made by recipients of Federal money by program or activity for the current fiscal year;**
- **root cause for overpayments and underpayments by amount and by program or activity for the current fiscal year;**
- **reduction targets by program or activity for the next fiscal year; and**
- **for programs and activities as determined under OMB Circular A-123, Appendix C, Part 1.D with improper payments exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.1, the agency shall describe the corrective action plans for reducing the estimated improper payment rate and amount, and each of the corrective actions should be clearly linked to the root cause(s) they are addressing.**

Based on the results of the FY 2018 Department-wide risk assessment, there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the statutory thresholds of (1) both 1.5 percent of program outlays and $10 million or (2) $100 million.

II. Recapture of Improper Payments Reporting.

a. When applicable, for all programs and activities that expend $1 million or more annually, agencies shall describe any action the agency has taken or plans to take to recapture improper payments and intends to take to prevent future improper payments.

See the response for the next item for a discussion of the Department's payment recapture audit program, to include actions to recapture and prevent improper payments.

[1] IPIA was amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

b. Agencies shall discuss payment recapture audit efforts. The discussion should describe:

- **the actions and methods used by the agency to recapture overpayments;**
- **a justification of any overpayments that have been determined not to be collectible;**
- **any conditions giving rise to improper payments and how those conditions are being resolved; and**
- **any programs or activities excluded from review under the agency's payment recapture audit program.**

The Department's payment recapture audit program is part of its overall program of internal control over disbursements. The program includes establishing and assessing internal control to prevent improper payments, reviewing disbursements to identify improper payments, assessing root causes of improper payments, developing corrective action plans, and tracking the recapture of improper payments and disposition of recaptured funds. The scope of the program includes all payment types required by IPIA, as amended, and OMB implementing guidance. Payments that could compromise law enforcement operations or endanger the safety of personnel are excluded because of the Department's responsibility to protect such information. In FY 2018, two components used a recapture audit contractor to supplement internal review efforts to detect improper payments.

The Department's top-down approach for tracking and reporting the results of payment recapture audit activities promotes consistency across the Department in implementing the requirements of IPIA, as amended. In FY 2018, the Department provided components a template to assist them in assessing root causes of improper payments and tracking the recapture of such payments and disposition of recaptured funds.

The root causes for overpayments other than for grants largely fell within the OMB-defined error category of *Administrative or Process Error Made by Other Party*. Most errors were user errors, including data entry errors. Department components have implemented actions to address specific areas where improvements could be made. For example, to prevent improper payments, the DEA conducts data analytics on payment data entered into the Unified Financial Management System prior to processing disbursements to identify payments that, if processed, would be improper, e.g., payments to ineligible recipients, payments for ineligible services, and duplicate payments.

The root causes for grant overpayments largely fell within the OMB-defined error categories of *Administrative or Process Error Made by State or Local Agency* and *Insufficient Documentation to Determine*. Most errors involved payments for which grantees did not provide sufficient documentation to support the payments. To reduce the risk of these types of overpayments, the Department components that issue grants continue to provide training and communications informing grantees of their responsibilities related to receiving Federal awards. For example, the OJP requires all grantees responsible for improper payments to submit written policies and procedures describing the internal controls put in place to prevent similar occurrences in the future.

Department components also have taken actions to facilitate the recapture of improper payments. For example, the FBI produces an accounts receivable report to track the age and collection efforts for all uncollected improper payments. The ATF issues demand letters to debtors notifying them of the status of the debt, the payment due date, where to send payment, and the collection actions the ATF can pursue.

In accordance with IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance. Based on performance through the period ended September 30, 2018, the Department achieved an annual payment recapture rate of 73.3 percent. The table on the following page provides additional detail on the $8.746 million in overpayments identified in FY 2018 through the Department's payment recapture audit program and the $6.414 million of recaptured funds. Management also determined $1.038 million to be not collectible, the majority of which related to unallowable expenditures by two grantees in fiscal distress ($0.708 million or 68.2 percent).

c. For each program or activity that expends $1 million or more annually and either conducts a payment recapture audit or recaptures payments outside of a payment recapture audit, report the amount recaptured through recapture audits in that fiscal year, including the percent such amount represents of the total overpayments identified through payment recapture audits during that fiscal year, and amount recaptured through sources other than payment recapture audits in that fiscal year, including the percent such amount represents of the total overpayments identified for recapture through sources other than payment recapture audits in that fiscal year.

The following table provides a summary of overpayments identified in FY 2018 through the Department's payment recapture audit activities ($8.746 million), as well as overpayments identified outside of such activities, i.e., through audits conducted by the DOJ OIG ($2.982 million).[2] The table also provides the amounts recaptured through payment recapture audits and outside of payment recapture audits, as well as the percent such amounts represent of the total overpayments identified for recapture.

Overpayment Recaptures with and without Recapture Audit Programs
(Dollars in Millions)

	Overpayments Recaptured through Payment Recapture Audits			Overpayments Recaptured outside of Payment Recapture Audits[3]		
DOJ Mission-Aligned Program	FY 2018 Amount Identified	FY 2018 Amount Recaptured	FY 2018 Recapture Rate (%)	FY 2018 Amount Identified	FY 2018 Amount Recaptured	FY 2018 Recapture Rate (%)
Administrative, Technology, and Other	$0.429	$0.430	100.2%[4]	$0.000	$0.000	0.0%
Litigation	$0.035	$0.035	100.0%	$0.000	$0.000	0.0%
Law Enforcement	$1.575	$1.749	111.0%[4]	$0.000	$0.000	0.0%
State, Local, Tribal, and Other Assistance	$2.034	$0.561	27.6%	$2.982	$3.771	126.5%[4]
Prisons and Detention	$4.673	$3.639	77.9%	$0.000	$0.000	0.0%
TOTAL	**$8.746**	**$6.414**	**73.3%**	**$2.982**	**$3.771**	**126.5%**

d. Agencies shall report a summary of how their overpayments recaptured through payment recapture audits in that fiscal year were used.

The table on the following page provides the disposition information for the overpayments recaptured in FY 2018 through the Department's payment recapture audit activities. As shown in the table, $6.163 million of the $6.414 million recaptured (or 96.1 percent) was returned to the original purpose for which the payments were made.

[2] The overpayments identified through audits conducted by the OIG do not include all questioned costs. When questioned costs are identified in an OIG audit report, Department management initiates a process to validate whether the costs in question were improper payments; e.g., the Department will request additional support from grantees for transactions that, at the time of audit, were not supported by adequate documentation. The validation process can take months, and in some cases years, to complete. Therefore, for payment recapture audit reporting purposes, improper payments identified for recapture include only the questioned costs for which Department management has completed the validation process and determined that the incurred costs should not have been charged to the Government and should be recaptured from the grantee.

[3] The information in this section of the table provides the overpayments identified through audits conducted by the DOJ OIG and the amounts recaptured. Although the overpayments are identified outside of the Department's payment recapture audit program, component processes to recapture improper payments are the same, regardless of whether they are identified by the OIG or through component payment recapture audit activities.

[4] The improper payments recaptured exceeded the improper payments identified due to the recapture during FY 2018 of improper payments identified in previous years.

Disposition of Funds Recaptured through Payment Recapture Audits
(Dollars in Millions)

DOJ Mission-Aligned Program	Amount Recaptured in FY 2018	Disposition		
		Returned to Original Purpose	Returned to Treasury	Agency Expenses to Administer the Program
Administrative, Technology, and Other	$0.430	$0.430	$0.000	$0.000
Litigation	$0.035	$0.035	$0.000	$0.000
Law Enforcement	$1.749	$1.545	$0.000	$0.204
State, Local, Tribal, and Other Assistance	$0.561	$0.514	$0.047	$0.000
Prisons and Detention	$3.639	$3.639	$0.000	$0.000
TOTAL	$6.414	$6.163	$0.047	$0.204

e. **Agencies shall report an aging schedule of the amount of overpayments identified through the payment recapture audit program that are outstanding, including the percent the amount represents of the total overpayments from recapture audits of the agency, i.e., overpayments that have been identified but not recaptured. Agencies must include the aging for all overpayments that have been identified through payment recapture audits and are yet to be collected, thus it may span across multiple fiscal years. Agencies should also report the amount of overpayments identified through their payment recapture audit program determined to be not collectible in that fiscal year, including the percent the amount represents of the total overpayments identified through payment recapture audits.**

The following table provides the aging schedule for the $7.487 million in overpayments identified through payment recapture audit activities that was outstanding (not recaptured) as of the end of FY 2018. Of the $7.487 million, $2.491 million (or 33.3 percent) was outstanding 0 to 6 months; $0.596 million (or 7.9 percent) was outstanding 6 months to 1 year; $3.362 million (or 44.9 percent) was outstanding over 1 year; and $1.038 million (or 13.9 percent) was determined to be not collectible. The $1.038 million determined to be not collectible represents 11.9 percent of the $8.746 million in total overpayments identified through payment recapture audit activities in FY 2018.

Aging of Outstanding Overpayments Identified through Payment Recapture Audits
(Dollars in Millions)

DOJ Mission-Aligned Program	Amount Outstanding (0 to 6 months)	Amount Outstanding (6 months to 1 year)	Amount Outstanding (over 1 year)	Amount Determined to be Not Collectible
Administrative, Technology, and Other	$0.000	$0.000	$0.212	$0.000
Litigation	$0.000	$0.000	$0.671	$0.000
Law Enforcement	$0.159	$0.197	$0.776	$0.015
State, Local, Tribal, and Other Assistance	$1.221	$0.397	$1.674	$1.023
Prisons and Detention	$1.111	$0.002	$0.029	$0.000
TOTAL	**$2.491**	**$0.596**	**$3.362**	**$1.038**
Percent of Outstanding Overpayments	**33.3%**	**7.9%**	**44.9%**	**13.9%**

III. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative.

Agencies should provide a brief narrative of the reduction in improper payments that is attributable to the Do Not Pay Initiative, as applicable.

The Department leverages the Do Not Pay Initiative's centralized data sources and other government databases, either via the Department of the Treasury's Do Not Pay portal or via the General Services Administration's System for Award Management (SAM), to improve payment accuracy and reduce the likelihood of improper payments. For example, contracting officers are required to verify before making an acquisition award that vendors are not in the SAM exclusions list of debarred vendors. Similarly, the grant-making components review Do Not Pay sources, such as the SAM exclusions, as part of the process to create a risk profile for a potential grantee. In addition, when the Department requests the Department of the Treasury to make payments to vendors, Treasury uses the Payment Automation Manager (PAM) Do Not Pay integration process to identify potential matches against the SAM exclusions. The Do Not Pay portal also provides conclusive matches between payees and the Social Security Administration's Death Master File. This ensures that components making payments to deceased individuals' estates (e.g., refunds of firearms licenses and Civil Division compensation fund payments) benefit from secondary levels of control beyond the initial review of eligibility.

IV. Barriers.

Agencies with programs and activities with improper payments exceeding the statutory thresholds may describe any statutory or regulatory barriers that may limit the agency's corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

Not applicable. Based on the results of the FY 2018 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

V. Accountability.

Agencies with programs and activities with improper payments exceeding the statutory thresholds shall describe the steps the agency has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program officials/owners, and States and localities (where appropriate) are held accountable for reducing and recapturing improper payments through annual performance appraisal criteria. Specifically, they should be held accountable for meeting applicable improper payment reduction targets and establishing and maintaining sufficient internal controls (including an appropriate control environment) that effectively prevent improper payments from being made and promptly detect and recapture any improper payments that are made.

Not applicable. Based on the results of the FY 2018 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

VI. Agency Information Systems and Other Infrastructure.

Agencies with programs and activities with improper payments exceeding the statutory thresholds shall describe whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted. If the agency does not have such internal controls, human capital, and information systems and other infrastructure, describe the resources the agency requested in its most recent budget submission to Congress to establish and maintain the necessary internal controls, human capital, and information systems and other infrastructure.

Not applicable. Based on the results of the FY 2018 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

VII. Sampling and Estimation.

Agencies with programs and activities with improper payments exceeding the statutory thresholds and that are reporting an improper payment rate shall briefly describe the statistical sampling process conducted to estimate the improper payment rate for each program identified as being susceptible to significant improper payments.

Based on the results of the FY 2018 Department-wide risk assessment, there were no programs susceptible to significant improper payments. This remains unchanged from FY 2017. Two Department programs received funds under the Disaster Relief Appropriations Act of 2013 (Disaster Relief Act) – the Prisons and Detention Program and the Law Enforcement Program. Payments made with those funds are subject to the sampling and estimation requirements mentioned above. However, the Prisons and Detention Program did not make any payments with Disaster Relief Act funds in FY 2018, and the Law Enforcement Program processed only intra-governmental payments, which agencies are not required to review per IPIA, as amended. Therefore, the sampling and estimation requirements were not applicable to the Department in FY 2018.

VIII. Risk Assessment.

Agencies performing improper payment risk assessments during the fiscal year should include a description of the assessments, including the risk factors considered, if applicable. In addition, agencies should discuss the basis for groupings of programs or activities, if applicable, and highlight any changes that they have made to the risk assessment from the prior year, if applicable.

In accordance with IPIA, as amended, and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. The Department's top-down approach for assessing the risk of significant improper payments allows for the analysis and reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prisons and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other.[5] The approach allows management to focus on the most significant programs and activities in terms of risk and materiality and promotes consistency across the Department in implementing the requirements of IPIA, as amended.

In FY 2018, the Department disseminated an updated risk assessment survey instrument for Department components to use in assessing risk. The instrument examined disbursement activities against various risk factors likely to contribute to a susceptibility of significant improper payments, including the risk factors required by OMB Circular A-123, Appendix C, and covered the payment types of contracts, grants, benefits, and other – the latter included custodial payments (payments to non-Federal individuals under programs such as Debt Collection Management) and employee payments (payments to employees for salary, locality pay, travel pay, etc.).[6]

The Department's risk assessment methodology for FY 2018 did not change from FY 2017. For FY 2018, the methodology again included assessing risk against various risk factors and for various payment types. In addition, the results of the FY 2018 risk assessment did not change from FY 2017. For FY 2018, the Department-wide risk assessment again determined there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the statutory thresholds of (1) both 1.5 percent of program outlays and $10 million or (2) $100 million.

In FY 2013, the Department received approximately $20 million under the Disaster Relief Appropriations Act of 2013 (Disaster Relief Act) for Hurricane Sandy relief activities. The Disaster Relief Act states that all programs and activities receiving funds under the Act shall be deemed to be susceptible to significant improper payments for purposes of IPIA reporting, regardless of any previous improper payment risk assessment results. OMB required agencies to report on the funding received under the Act beginning in FY 2014. In accordance with the requirements, the reporting details in the AFRs for FYs 2014 through FY 2018 address Disaster Relief Act funds as susceptible to significant improper payments.

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[5] When OMB began requiring agencies to report improper payments data by program, Department management used the same five mission-aligned programs established in the Department's FY 2011 Performance and Accountability Report, which aligned with the Department's budget presentations in the FY 2010 President's Budget. Since FY 2011, there have been some changes in the organizational composition of the programs, due in part to reorganizations within the Department. Nonetheless, for continuity and coverage purposes, the Department continues to present its annual improper payments data using the same five groupings.

[6] The risk factors examined by the Department and components included the following – whether the program or activity is new to the agency; recent major changes in funding, authorities, practices, or procedures; results of OMB Circular A-123 assessment, OIG audits/ reviews, and other external audits/reviews; results of monitoring activities; results of recapture audit activities; process complexities; volume and dollar amount of payments; inherent risk; capability of personnel; and payments or payment eligibility decisions made by non-DOJ entities.

APPENDIX C

Acronyms

A

ACM	Asbestos Containing Materials
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
APR	Annual Performance Report
ARRA	American Recovery and Reinvestment Act
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division

B

BJA	Bureau of Justice Assistance
BOP	Bureau of Prisons
Budget	Budget of the United States

C

CFO	Chief Financial Officer
CHRP	COPS Hiring Recovery Program
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
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

DCM	Debt Collection Management
DEA	Drug Enforcement Administration
Department, The	Department of Justice
DMF	Death Master File
DOJ	Department of Justice
DOL	Department of Labor

E

ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys

F

FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FBWT	Fund Balance with U.S. Treasury
FCSC	Foreign Claims Settlement Commission
FECA	Federal Employees Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees System
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMIS2	Financial Management Information System 2
FPI	Federal Prison Industries, Inc.
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAO	Government Accountability Office
GAN	Grant Adjustment Notice
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GPRAMA	GPRA Modernization Act of 2010
GPRS	Grant Payment Request System

I

IG	Inspector General
Integrity Act	Federal Managers' Financial Integrity Act
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

JMD	Justice Management Division

K

KG	Kilogram

L

LCM	Lower of average cost or market value

M

MCO	Mission Critical Operation

N

N/A	Not Applicable
NIBIN	National Integrated Ballistic Information Network
NSD	National Security Division

O

OBDs	Offices, Boards and Divisions
OCDETF	Organized Crime Drug Enforcement Task Forces
OCIO	Office of the Chief Information Officer
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

PHS	Public Health Services
PSOB Act	Public Safety Officers' Benefits Act of 1976
PY	Prior Year/Previous Year

R

RCA	Reports Consolidation Act of 2000
RECA	Radiation Exposure Compensation Act

S

SADF	Seized Asset Deposit Fund
SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal

T

TAX	Tax Division
TSP	Thrift Savings Plan
Trust Fund	Federal Prison Commissary Fund

U

UDO	Undelivered Orders
UFMS	Unified Financial Management System
USAs	United States Attorneys
USAO	United States Attorneys’ Offices
USMS	United States Marshals Service
USSGL	U.S. Standard General Ledger
UST	United States Trustees

V

VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing

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APPENDIX D

Department Component Websites

Component	Website
American Indian and Alaska Native Affairs Desk (OJP)	https://ojp.gov/programs/aiana.htm
Antitrust Division	https://www.justice.gov/atr
Bureau of Alcohol, Tobacco, Firearms and Explosives	https://www.atf.gov/
Bureau of Justice Assistance (OJP)	https://www.bja.gov/
Bureau of Justice Statistics (OJP)	https://www.bjs.gov/
Civil Division	http://justice.gov/civil/
Civil Rights Division	www.justice.gov/crt/
Community Oriented Policing Services - COPS	www.cops.usdoj.gov/
Community Capacity Development Office (OJP)	www.ojp.usdoj.gov/ccdo/welcome_flash.html
Community Relations Service	www.justice.gov/crs
Criminal Division	www.justice.gov/criminal/
Diversion Control Program	https://www.dea.gov/diversion-control-division
Drug Enforcement Administration	www.justice.gov/dea/
Environment and Natural Resources Division	www.justice.gov/enrd/
Executive Office for Immigration Review	www.justice.gov/eoir/
Executive Office for U.S. Attorneys	www.justice.gov/usao/eousa/
Executive Office for U.S. Trustees	www.justice.gov/ust/
Federal Bureau of Investigation	www.fbi.gov/
Federal Bureau of Prisons	www.bop.gov/
Foreign Claims Settlement Commission of the United States	www.justice.gov/fcsc/
INTERPOL Washington	www.justice.gov/interpol-washington/
Justice Management Division	www.justice.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.gov/
National Institute of Corrections	www.nicic.gov/
National Institute of Justice (OJP)	https://www.nij.gov/Pages/welcome.aspx
National Security Division	www.justice.gov/nsd/
Office of the Associate Attorney General	www.justice.gov/asg/index.html
Office of the Attorney General	www.justice.gov/ag/
Office of the Deputy Attorney General	www.justice.gov/dag/
Office of Information Policy	www.justice.gov/oip/oip.html
Office of the Inspector General	www.justice.gov/oig/
Office of Justice Programs	https://ojp.gov/
Office of Juvenile Justice and Delinquency Prevention (OJP)	www.ojjdp.gov/
Office of Legal Counsel	www.justice.gov/olc/index.html
Office of Legal Policy	www.justice.gov/olp/
Office of Legislative Affairs	www.justice.gov/ola/
Office of the Pardon Attorney	www.justice.gov/pardon/
Office of Professional Responsibility	www.justice.gov/opr/index.html
Office of Public Affairs	www.justice.gov/opa/index.html
Office of the Solicitor General	www.justice.gov/osg/
Office of Tribal Justice	www.justice.gov/otj/index.html
Office for Victims of Crime (OJP)	https://www.ovc.gov/
Office on Violence Against Women	https://www.justice.gov/ovw
Tax Division	www.justice.gov/tax/
U.S. Attorneys	www.justice.gov/usao/
U.S. Marshals Service	www.justice.gov/marshals/
U.S. Parole Commission	www.justice.gov/uspc/

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