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

FY 2019

Agency Financial Report

U.S. Department of Justice

DEPARTMENT OVERVIEW

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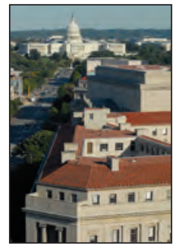

HISTORY AND ENABLING LEGISLATION

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 2019
AGENCY FINANCIAL
REPORT

NOVEMBER 2019

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

November 19, 2019

A MESSAGE FROM THE ATTORNEY GENERAL

After three decades of steadily declining crime rates, a surge of violence between 2014 and 2016 appeared to signal that law enforcement's hard-fought progress was slipping away. Fortunately, crime rates have fallen under the Trump administration due to a return to tried-and-true tactics and strategies. The nationwide violent crime rate decreased by 3.9 percent between 2017 and 2018, and the total number of violent crimes has shrunk 9.0 percent, when compared to 2009.

This progress would have been impossible without the steadfast service of the men and women of the Department of Justice. Every day, the initiatives, policies, and investigations led by our team positively impact the lives of millions of Americans. Since February of this year, and for the second time in my career, it has been my honor to lead this Department in its critically important work. Yet even with declining crime rates, we at the Department of Justice continue to be vigilant of new threats and against existing ones in order to make our country safer.

This year, the Department has undertaken a wide variety of public safety initiatives, including measures to protect our elderly from abuse and fraud, bolster national security and cyber security, turn the tide on the opioid crisis, end human trafficking and the exploitation of children, and disrupt the production and distribution of illicit drugs. The outcome of all of these initiatives – and many more – are criminals behind bars, the protection for our most vulnerable populations, and safer streets in nearly every community.

In accordance with the Reports Consolidation Act of 2000 and guidance of the Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, we have prepared the FY 2019 Department of Justice's Agency Financial Report (AFR). The AFR contains the Department's audited consolidated financial statements, as required under the Chief Financial Officers Act of 1990, as amended (CFO Act), the Government Management Reform Act of 1994 (GMRA), and the Accountability of Tax Dollars Act of 2002 (ATDA). The AFR also contains a statement of assurance regarding internal control over operations, reporting, and compliance, as required by the Federal Managers' Financial Integrity Act (FMFIA).

In FY 2019, the Department earned an unmodified, i.e., "clean," audit opinion on our consolidated financial statements for the sixteenth straight year. While we continue as a Department to demonstrate noteworthy progress, we are committed to pursuing actions to correct areas where we have deficiencies.

The Department's assessment of risk and internal control in FY 2019 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, 2019, except for the material weakness in financial reporting involving the need to improve financial statement compilation and review controls.

The financial and performance data presented in this report are complete and reliable. The projects described within demonstrate the Department's ongoing commitment to protecting the American public. We are encouraged by our achievements, and remain dedicated to safeguarding our nation's interests, ending the opioid crisis once and for all, fighting violent and non-violent crime, and protecting the most vulnerable members of our population.

Our mission would be all but impossible without the ongoing support of the American people. We are extremely grateful for it, and we will continue to serve to the best of our ability.

William P. Barr
Attorney General

AFR

U.S. Department of Justice – FY 2019 Agency Financial Report

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Section II: Financial Section (continued)

Section III: Management Section

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 2019 and FY 2018 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 2019 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-2019-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

Improper Payments Information Act of 2002 (IPIA), as amended – 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.

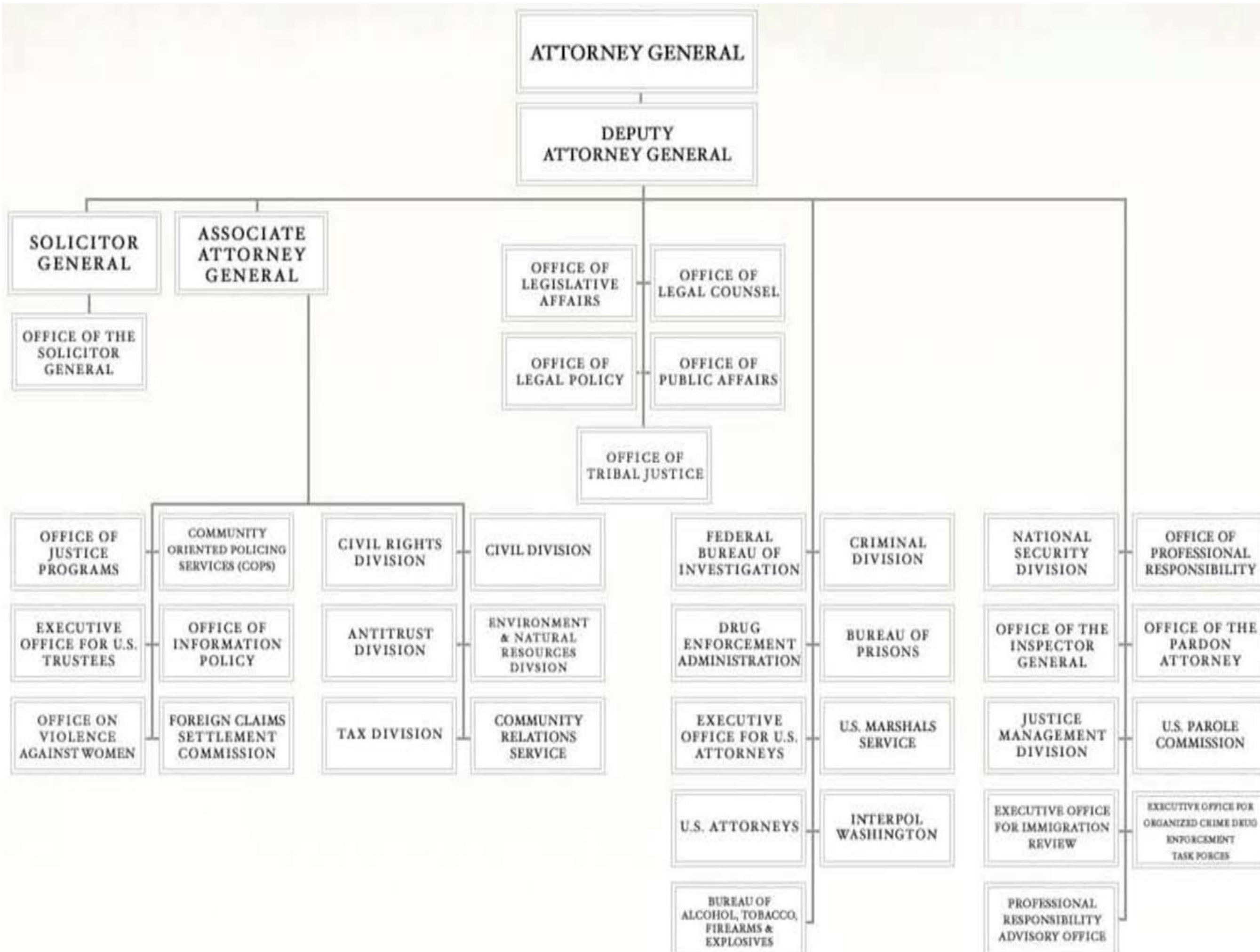
Strategic Goal		Strategic Objectives
1	Enhance National Security and Counter the Threat of Terrorism	1.1 Disrupt and defeat terrorist operations 1.2 Combat cyber-based threats and attacks 1.3 Combat unauthorized disclosures, insider threats, and hostile intelligence activities
2	Secure the Borders and 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 forty 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
Attorney General

Date: 2-5-18

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

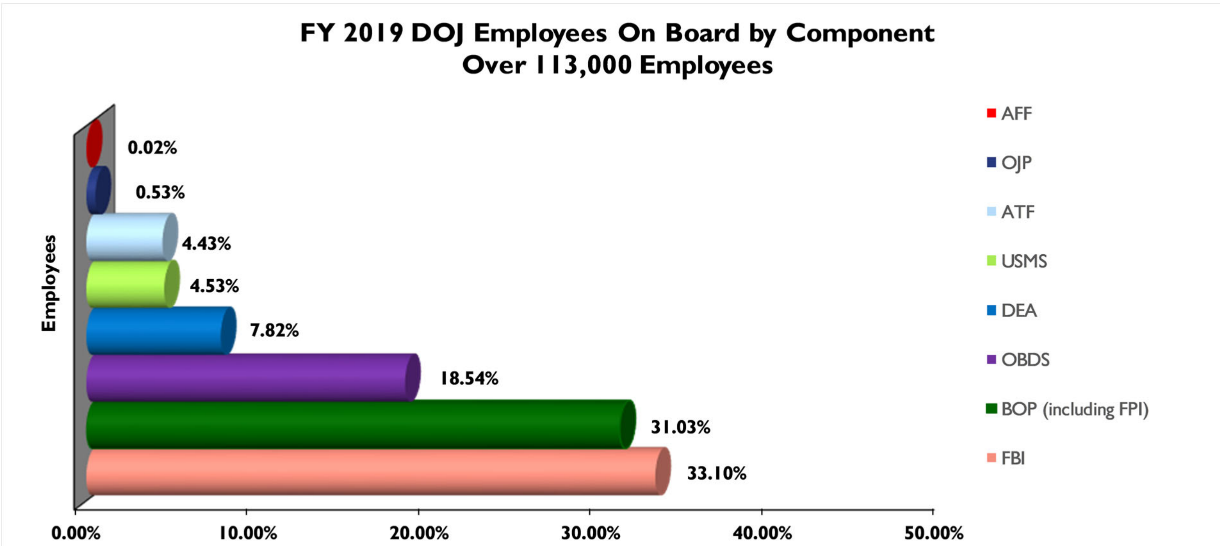
Foreign Claims Settlement Commission
U.S. Parole Commission

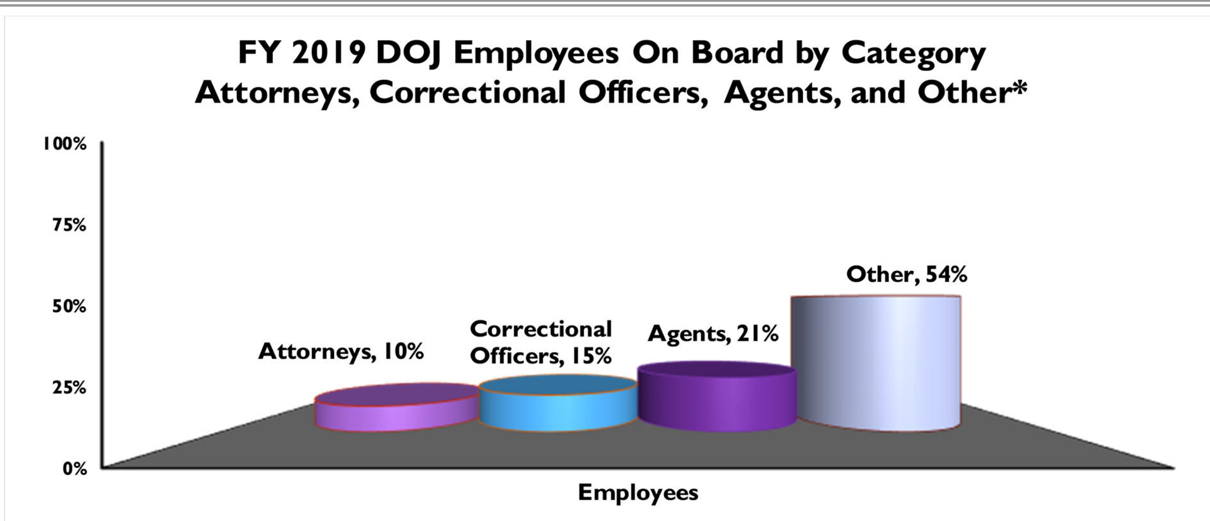
Divisions

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

FY 2019 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2019. The charts on this page reflect employees on board as of September 30, 2019.





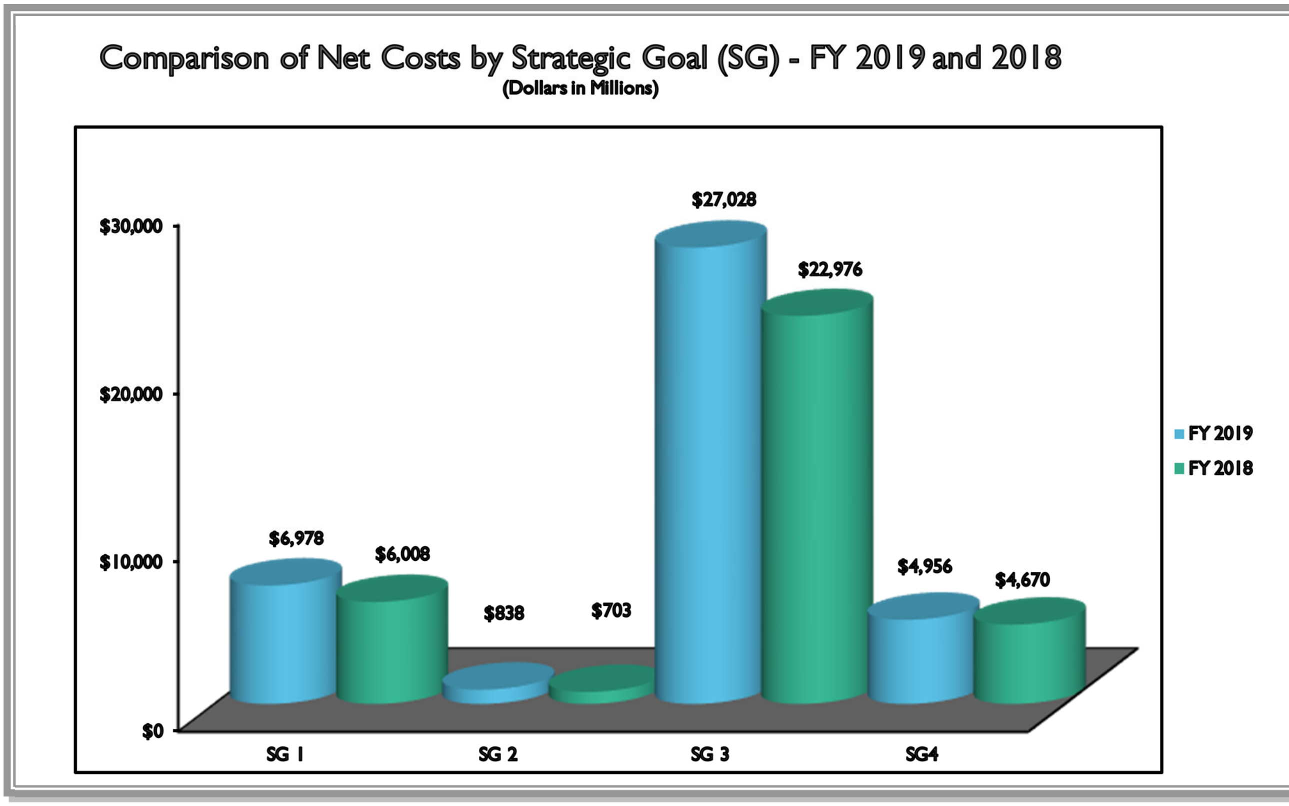
*"Other" includes pay class categories such as paralegals, intelligence analysts, financial managers, procurement officers, evidence technicians, and security specialists.

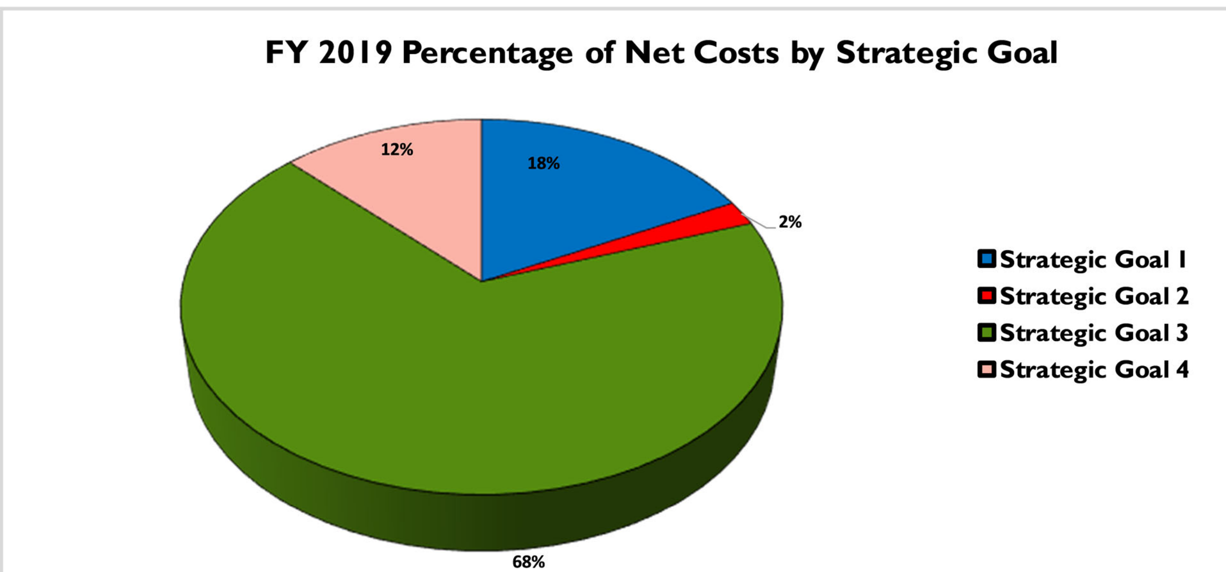
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2019	FY 2018	% Change
Earned Revenue:	**$ 2,999,584**	**$ 3,312,187**	**(9.44%)**
Budgetary Financing Sources:			
Appropriations Received	31,354,708	30,435,438	3.02%
Appropriations Transferred-In/Out	970,698	985,768	(1.53%)
Nonexchange Revenues	909,202	993,117	(8.45%)
Donations and Forfeitures of Cash and Cash Equivalents	2,515,615	1,081,763	132.55%
Transfers-In/Out Without Reimbursement	(119,250)	(225,796)	(47.19%)
Other Adjustments	(1,071,565)	(674,300)	(58.92%)
Other Financing Sources:			
Donations and Forfeitures of Property	360,258	203,683	76.87%
Transfers-In/Out Without Reimbursement	1,554	9,025	(82.78%)
Imputed Financing	1,051,358	873,536	20.36%
Other Financing Sources	(10,903)	(9,077)	20.12%
Total DOJ Resources	**$ 38,961,259**	**$ 36,985,344**	**5.34%**

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

Strategic Goal	FY 2019	FY 2018	% Change
1 Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	$ 7,240,160	$ 6,293,963	
Less: Earned Revenue	262,247	285,573	
Net Cost	6,977,913	6,008,390	16.14%
2 Secure the Borders and Enhance Immigration Enforcement and Adjudication			
Gross Cost	854,003	714,753	
Less: Earned Revenue	16,215	11,779	
Net Cost	837,788	702,974	19.18%
3 Reduce Violent Crime and Promote Public Safety			
Gross Cost	28,862,189	25,016,996	
Less: Earned Revenue	1,833,799	2,041,288	
Net Cost	27,028,390	22,975,708	17.64%
4 Promote Rule of Law, Integrity, and Good Government			
Gross Cost	5,843,575	5,643,333	
Less: Earned Revenue	887,323	973,547	
Net Cost	4,956,252	4,669,786	6.13%
Total Gross Cost	**42,799,927**	**37,669,045**	
Less: Total Earned Revenue	**2,999,584**	**3,312,187**	
Total Net Cost of Operations	**$ 39,800,343**	**$ 34,356,858**	**15.84%**





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, 2019 and 2018. 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 2019. 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, 2019, shows $55.8 billion in total assets, a decrease of $1.7 billion over the previous year's total assets of $57.5 billion. The decrease was primarily due to payments made to Victim Compensation Fund (VCF) claimants. Fund balance with Treasury (FBWT) was $39.4 billion, which represented 70.6% percent of total assets.

Liabilities: Total Department liabilities were $21.0 billion as of September 30, 2019, an increase of $2.1 billion from the previous year's total liabilities of $18.9 billion. The net change was the result of an increase of approximately $1.0 billion in seized cash and monetary instruments, and approximately $1.1 billion in the liability for the September 11th Victim Compensation Fund.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled $39.8 billion for the fiscal year ended September 30, 2019, an increase of $5.4 billion from the previous year's net cost of operations of $34.4 billion. The increase is primarily attributed to additional intragovernmental expenses with the U.S. Census Bureau and the Department of Health and Human Services, and the State Criminal Alien Assistance Program (SCAAP), for which there were no expenses in FY18, and increased expenses and corresponding outlays for the Crime Victims Fund (CVF).

Budgetary Resources: The Department's FY 2019 Combined Statement of Budgetary Resources shows $56.3 billion in total budgetary resources, an increase of $.1 million from the previous year's total budgetary resources of $56.2 billion.

Net Agency Outlays: The Department's FY 2019 Combined Statement of Budgetary Resources shows $37.4 billion in net agency outlays, an increase of $2.8 billion from the previous year's total net agency outlays of $34.6 billion. The increase is primarily due to the SCAAP program, as well as expenses and outlays for the CVF. This increase in CVF reflects increased grants program activity following prior fiscal year increases in appropriations, as the grant programs follow a four-year cycle: the year of award plus three years of expenditures.

Summary of Performance Information

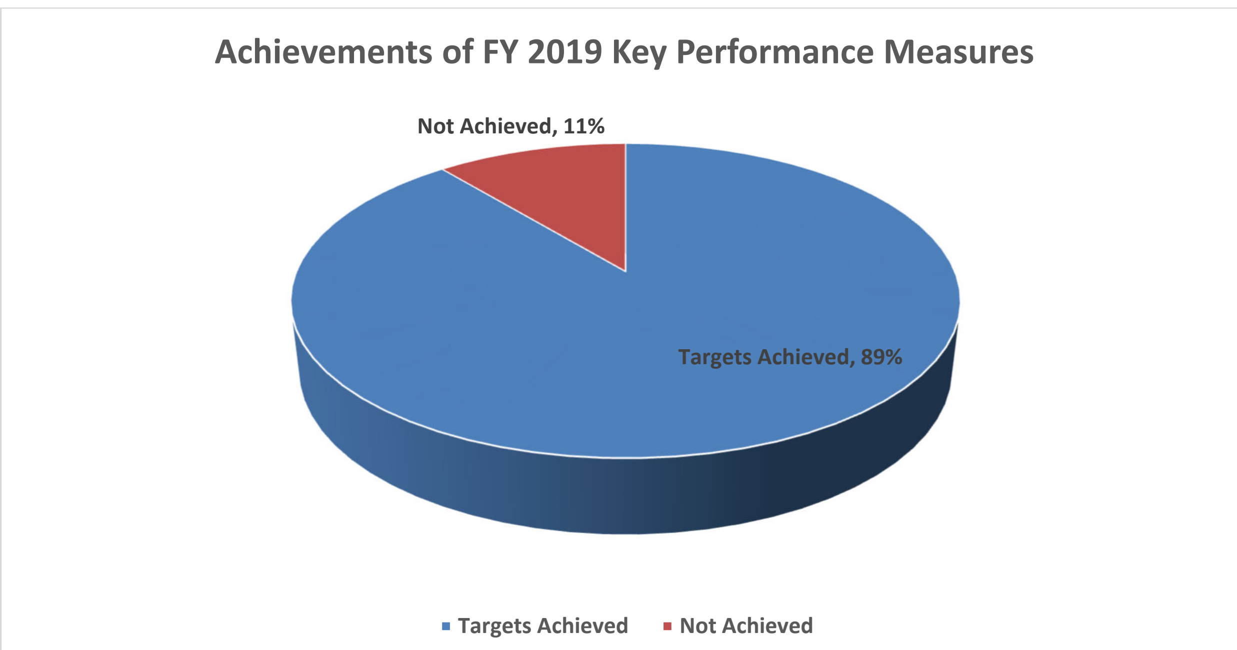
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2018-2022 Strategic Plan, which contains four strategic goals, is used for this report. The Department's Plan includes 39 key performance measures 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 2019 Annual Performance Report/FY 2021 Annual Performance Plan and submitted with the President's Budget in February 2020. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2019, 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, 90 percent of the performance measures have actual data for FY 2019. The Department achieved 89 percent of its key measures that had data available as of September 30, 2019. For some of the performance measures, the actual data will not be available until later in calendar year 2019 or early 2020. 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 2019 long-term outcome goals (key performance measures).



	U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity	FY 2019 Target	FY 2019 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]	250	518	Target Achieved
1.1	Number of incidents reported to the United States Bomb Data Center via the Bomb and Arson Tracking System [ATF]	32,000	33,475	Target Achieved
1.1	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	90%	95%	Target Achieved
1.1	Number of assistance 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]	947*	952	Target Achieved
1.2	Number of computer intrusion program deterrences, detections, disruptions and dismantlements [FBI]	8,000	15,897	Target Achieved
1.2	Percentage of cyber defendants whose cases were favorably resolved [NSD, USA, CRM]	90%	100%	Target Achieved
1.3	Number of counterintelligence program disruptions and dismantlements [FBI]	400	529	Target Achieved
1.3	Percentage of espionage defendants whose cases are favorably resolved [NSD]	90%	99%	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%	99.6%	Target Achieved
2.1	Percentage of federal denaturalization of dispositions that are successfully resolved [USA, CIV]	80%	95%	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 established timeframe [EOIR]	90%	95%	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 successfully resolved [CRT]	75%	100%	Target Achieved
2.2	Clearance rate for detained and non-detained cases [EOIR]	50%	61%	Target Achieved

	U.S. Department of Justice Key Performance Measures by Strategic Goal that MUST be Included In Component MD&A [] Designates the reporting entity	FY 2019 Target	FY 2019 Actual	Target Achieved/ Not Achieved
	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%	92%	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]	55,000	74,123	Target Achieved
3.1	Number of victims of a violent crime that receive services through the Victim Assistance Program [OJP]	5,000,000	TBD**	TBD
3.1	Percentage of extraditions received related to violent criminals [CRM]	20%	21.2%	Target Achieved
3.1	Percentage increase of non-Consolidated Organization Target (non-CPOT) gang/criminal enterprise dismantlements [FBI]	15%	16%	Target Achieved
3.1	Reduce violent crime [Department-wide] (Reporting Cycle Calendar Year (CY) : 2018)	-1%	-3.9%	Target Achieved
3.1	Stop and reverse rise in homicides [Department-wide] (Reporting Cycle CY : 2018)	-2%	-6.8%	Target Achieved
3.2	Reduce drug overdose deaths [Department-wide] (Reporting Cycle CY : 2018)	-4%	TBD**	TBD
3.2	Reduce opioid prescriptions [Department-wide] (Reporting Cycle CY : 2019)	-27%	-30.5%	Target Achieved
3.2	Number of disruptions and dismantlements of Drug Trafficking Organizations (DTOs) linked to CPOTs [OCDETF]	255	328***	Target Achieved
3.2	Number of disruptions and dismantlements of Priority Threat Organizations (PTOs) not linked to CPOTs [DEA]	1,500	1,352	Not Achieved
3.2	Number of scheduled diversion investigations completed [DEA]	1,441	1,329	Not Achieved
3.2	Number of CPOT-linked investigations with one or more defendants convicted [OCDETF]	314	308***	Not Achieved

	U.S. Department of Justice Key Performance Measures by Strategic Goal that MUST be Included In Component MD&A [] Designates the reporting entity	FY 2019 Target	FY 2019 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]	Inquiries -50% Investigations -50%	Inquiries -91% Investigations - 97%	Target Achieved Target Achieved
4.2	Increase the number of statements of interest involving First Amendment or religious liberty [CRT]	10%	167%	Target Achieved
4.2	Increase the number of Religious Land Use and Institutionalized Persons Act (RLUIPA) matters opened [CRT]	10%	20%	Target Achieved
4.3	Ratio of deregulatory actions to regulatory actions [OLP]	2 to 1	3 to 1	Target Achieved
4.3	Cost of regulations per fiscal year is below OMB cost cap [OLP]	$0.00	-$1.689	Target Achieved
4.4	Ethics training for DOJ employees conducted by the Departmental Ethics Office (DEO) and ensure all financial disclosures are reviewed timely [JMD/DEO]	Training - 100% Disclosures - 100%	Training - 100% Disclosures - 98%	Target Achieved Not Achieved
4.4	Time-to-hire Mission Critical Occupations (MCOs) (average number of days) [JMD/HRA]	205 days	TBD**	TBD
4.4	Percentage of unmodified audit opinions achieved [JMD/Controller]	100%	TBD**	TBD
4.4	Number of DOJ systems moved to the Cloud [JMD/OCIO]	2	5	Target Achieved

*Annual target changed since last reported in the FY 2018 Annual Performance Report/FY 2020 Annual Performance Plan (APR/APP).
**The final actual figure will be available at a later date.
*** FY 2019 actual is preliminary data.

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:

<u>Priority Goal 1, Combat Cyber-Enabled Threats and Attacks:</u>

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 of Justice surpassed its two-year targets for the Combat Cyber-Enabled Threats and Attacks Priority Goal. The 'Cyber' Priority Goal tracked two performance measures throughout FY 2018 – 2019. Both measures exceeded their two-year targets.

The FBI's Cyber Division substantially exceeded its two-year target of conducting 12,200 (the annual target for FY 2019 was increased from 4,200 to 8,000) computer intrusion program deterrences, detections, disruptions and dismantlements, by successfully achieving a total of 27,437 investigative outcomes by the end of FY 2019. The Department will continue to track the FBI's efforts to deter, detect, disrupt and dismantle even more computer intrusion programs for the FY 2020 – 2021 Combat Cyber-Enabled Threats and Attacks Priority Goal.

The Department exceeded its target of favorably resolving at least 90% of its cyber defendants' cases, by successfully resolving 99% of its prosecutions of 325 cyber defendants, throughout FY 2018 – 2019. In FY 2018, the Department completed 164 cases, of which 98% were successful, and successfully resolved each of the 165 cases prosecuted in FY 2019. Cyber cases tend to involve other related criminal conduct under which the matter could be coded in the Executive Office for 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. The Department will continue to track its efforts to successfully resolve 90% of its cyber defendant cases for the FY 2020 – 2021 Combat Cyber-Enabled Threats and Attacks Priority Goal.

Combating cyber threats remains one of the Agency's top priorities. DOJ will continue its cybercrime priority goal into FY 2020 – 2021. The goal will continue to focus on its current strategies to combat cyber-enabled threats and attacks, as well as a new strategy focused on strengthening public-private partnerships.

<u>Priority Goal 2, Violent Crime Reduction:</u>

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 of Justice surpassed its two-year targets for the Violent Crime Reduction Priority Goal. As part of the goal, the Department also demonstrated progress towards implementing the enhanced Project Safe Neighborhoods (PSN) program. The 'Violent Crime' Priority Goal tracked three performance measures throughout FY 2018 - 2019. All three measures exceeded their two-year targets.

The FBI exceeded its two-year target of increasing the dismantlement of non-CPOT gang/criminal enterprises by 30%, over the baseline of 150. By the end of the priority goal cycle, the FBI dismantled a total of 217 non-CPOT gang/criminal enterprises. Collectively, the total number of dismantlements reported for FY 2018 - 2019, reflect a 45% increase over the baseline.

By the end of FY 2019, ATF exceeded its two-year target to 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, by achieving a total of 74,123 "hits/leads." In FY 2018, ATF exceeded its annual target (50,000), by 9.4%, with a total of 54,686 "hits/leads." ATF continued to remain on target throughout each fiscal year.

The Department of Justice exceeded its two-year target of favorably resolving at least 90% of its federal violent crime defendants' cases, by successfully resolving 92% of its prosecutions of a 30,484 federal violent crime defendants, throughout FY 2018 – 2019. In FY 2018, the Department completed 14,561 cases, of which 93% were successful. In FY 2019, the Department pursued nearly 16,000 cases against federal violent crime defendants, of which 92% were successfully resolved.

As part of the Project Safe Neighborhoods program, the 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. The Department continued to report on its semiannual reporting requirements throughout FY 2019. The last full cycle of the semiannual reports were due the summer of 2018 (covering Oct. 2018 – Mar. 2019). By August 2019, 98% of the 93 USAOs submitted at least one of the two parts of the semiannual report.

Reducing violent crime remains one of the Agency's top priorities. DOJ will continue with a violent crime reduction priority goal into FY 2020 – 2021.

Priority Goal 3, Disrupt Drug Trafficking to Curb Illicit Drug Use:

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 timelier 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 of Justice partially met its two-year targets for the Disrupt Drug Trafficking to Curb Illicit Drug Use Priority Goal. The 'Drug Trafficking' Priority Goal tracked three performance measures throughout FY 2018 – 2019. Two of the three performance measures exceeded their two-year targets. As part of the goal, the Department also tracked and demonstrated progress in the implementation of the Threat Enforcement Prioritization Process (TEPP).

Number of disruptions and dismantlements of TCOs was a new performance measure, established in FY 2018. Due to the newness and complexity of the measure, the Department has set only annual targets. The intent of this measure is to increase the overall sum of disruptions and dismantlements of TCOs each fiscal year.

The initial target estimate was 402 disruptions and dismantlements conducted in FY 2019. However, based on past performance, the Department adjusted its annual target from 402 to 374.

The Department exceeded its revised target to increase the number of disruptions and dismantlements of TCOs carried out each fiscal year, to 374, with 416 investigative outcomes in FY 2019. The Department achieved 92% of its annual target (380) for FY 2018, with 348 disruptions and dismantlements completed.

The initial target for annual number of scheduled diversion investigations completed by DEA, was 2,785 by the end FY 2019. However, in light of past performance – DEA achieved 87% of its FY 2018 target – and successive adjustments in policy, the DEA Diversion Control (DCD) established a more realistic target of 1,441 for FY 2019.

DEA achieved 92% of its revised target to increase the number of scheduled diversion investigations completed annually, to 1,441, with 1,329 investigations completed in FY 2019. The DCD modified the FY 2019 Scheduled Investigation Work Plan to create flexibility in conducting investigations of DEA registrants. The modified work plan enables the field to aggressively address the identified threats and concerns within each division. DCD's work plans continue to enable operational flexibility, therefore at times higher-priority investigations involving criminal and regulatory violators take precedence over scheduled investigations.

DEA exceeded its target to increase the number of diversion criminal cases initiated each year, to 1,725, with 1,850 investigations completed in FY 2019. DEA exceeded its annual target for FY 2019 by 7%, or 125 cases. DEA exceeded its annual target for FY 2018 by 9%, or 153 cases.

Analysis of Systems, Controls, and Legal Compliance

Internal Control and Enterprise Risk Management in the Department of Justice

The Department of Justice's internal control 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 internal control issues and emerging risks through a strong governance framework that consists of a network of councils, internal review teams, and business line owners. These include the Department's Senior Assessment Team; Enterprise Risk Management (ERM) Working Group; Strategic Objective Review (SOR) participants; Chief Information Officers' Council; Justice Management Division's Internal Review and Evaluation Office, Quality Control and Compliance Group, and Strategic Planning and Performance Staff; and DOJ component internal review and inspection offices. In addition, the Department considers reports issued by the OIG and GAO when assessing internal control and risks.

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 OIG and GAO recommendations.

The Department's ERM program is designed to identify challenges and risks early, bring them to the attention of Department leadership, and develop mitigation strategies. In FY 2019, the Department made significant strides in expanding its ERM program and coordinating ERM activities with strategic planning to foster better performance-based management and decision-making.[1] The Department's FY 2019 Risk Profile is the result of the collective efforts of the ERM Working Group, SOR participants, and the performance community.[2] The contributors identified enterprise mission and mission-support risks that could affect the Department meeting its strategic goals and objectives and prioritized the risks for mitigation strategies that will be monitored.

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[1] Consistent with OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*; the Government Performance and Results Modernization Act of 2010; and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

[2] The JMD Strategic Planning and Performance Staff leads the ERM effort across the Department. The ERM Working Group contributing to the Department's FY 2019 Risk Profile included risk officials from ATF, ATR, BOP, CIV, COPS, CRM, CRT, DEA, EOIR, ENRD, FBI, NSD, OJP, USMS, USTP, and TAX and the following JMD offices with oversight responsibilities for strategic planning, financial management, human resources, and information systems – Budget Staff, Finance Staff, Human Resources Administration, Internal Review and Evaluation Office, and Office of the Chief Information Officer. SOR participants represented 30 components across the Department.

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, 2019, except for the material weakness in financial reporting involving the need to improve financial statement compilation and review controls. Details of the weakness and corrective actions we are pursuing are provided later in this section in the Summary of Material Weakness and Corrective Actions.

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 OIG and GAO. We look forward in FY 2020 to building on our achievements as we continue the important work of the Department.

WPBarr

William P. Barr
Attorney General
November 19, 2019

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 2019, 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 FY 2019, the Department continued progress in the implementation of UFMS. The five components migrated to UFMS in FY 2019 were the Antitrust Division, Executive Office for United States Trustees, Justice Management Division, Organized Crime Drug Enforcement Task Forces, and Senior Management Offices. The final UFMS migrations are planned for FY 2021 and include the Bureau of Prisons, Department's Grant-awarding components, and Debt Collection Management Staff. 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.

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.

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 2019 identified isolated instances of noncompliance as discussed below.

In FY 2019, the Department completed reviews of potential Antideficiency Act violations at OJP and ATF. The Department's review of OJP concluded that violations occurred between FYs 2007 and 2017, totaling approximately $557,000, when OJP's Office for Victims of Crime allowed grant recipients to incur obligations under grants that had been extended beyond the statutory period of availability of the funding source. OJP instituted sufficient corrective actions to prevent future violations. The Department's review of ATF concluded that violations occurred between FYs 2005 and 2016 when ATF opened six foreign offices without submitting the required advance notice to Congress. ATF established the offices as a result of coordinated efforts between the Department and the State Department to facilitate criminal investigations and combat firearms trafficking and gang activity in foreign countries. The review also concluded that violations occurred in FY 2014 when ATF closed two foreign offices without submitting the required advance notice to Congress. By failing to satisfy the preconditions prior to obligating and expending funds to open and close offices, ATF incurred obligations and expenditures in excess of available appropriations in violation of the Antideficiency Act. Due to the nature of the violations, as well as the fact that some occurred many years ago, it was impractical for ATF to determine the amount of funds spent with respect to the violations. ATF instituted sufficient corrective actions to prevent future violations.

In FY 2019, the OIG conducted an audit of the Department's compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act requires the Inspector General of each Federal agency to review a statistically valid sample of the agency's spending data submitted to USASpending.gov and provide Congress a publicly available report assessing the completeness, timeliness, accuracy, and quality of the data sampled and the agency's implementation and use of the government-wide data standards established by OMB and Treasury. The OIG's audit found that the Department complied with the DATA Act and generally submitted complete, timely, accurate, and quality data to the DATA Act broker submission system. The Department's data was within the *higher* quality range, based on the error-rate ranges the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council established for compliance under the DATA Act.[3] In addition, the OIG found that the Department successfully implemented and used the government-wide data standards. The OIG identified a deficiency in internal controls that resulted in reporting inaccuracies, instances of non-linkage between financial and award data, and system limitations in the generation of the Department's Award Financial file. Department management reviewed the deficiency and has already completed some corrective action and other action is underway.

Summary of Financial Statement Audit and Management Assurances

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

Table 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**
Financial Statement Compilation and Review Controls	0	1	0	0	1
Total Material Weaknesses	**0**	**1**	**0**	**0**	**1**

[3] The Council established three error-rate ranges for determining the quality level of data – error rate of 0 to 20 percent, *Higher* quality; error rate of 21 to 40 percent, *Moderate* quality; and error rate of 41 percent and above, *Lower* quality.

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	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Financial Statement Compilation and Review Controls	0	1	0	0	0	1
Total Material Weaknesses	**0**	**1**	**0**	**0**	**0**	**1**

Compliance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems Comply					
Non-Compliances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Non-Compliances	**0**	**0**	**0**	**0**	**0**	**0**

Compliance with Section 803(a) of Federal Financial Management Improvement Act (FFMIA)		
Compliance with Specific Requirements		
Specific Requirements	**Agency**	**Auditor**
Federal Financial Management System Requirements	No Lack of Compliance Noted	No Lack of Compliance Noted
Applicable Federal Accounting Standards	No Lack of Compliance Noted	No Lack of Compliance Noted
USSGL at Transaction Level	No Lack of Compliance Noted	No Lack of Compliance Noted

A summary of the material weakness in financial reporting (FMFIA § 2) follows, along with details regarding corrective actions. The associated Corrective Action Plan is provided in Section III of this document.

Improvements Needed in Financial Statement Compilation and Review Controls

The compilation of the Department's consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department's financial management systems on a timely basis and providing other data to the JMD Finance Staff. The Department's multi-year implementation of UFMS has facilitated the compilation process. However, during years when

Department components convert to UFMS, significant challenges can arise. Further, challenges can be compounded when the Department adopts new accounting standards, which occurred in FY 2019.[4]

The auditors conducting the audit of the FY 2019 financial statements noted that improvements are needed in financial statement compilation and review controls. Significant conversion issues were identified in the migration of the Department's Working Capital Fund Activity to UFMS, and errors occurred in the reporting required by new accounting standards. In addition, information provided by components for financial statement amounts and footnote disclosures contained material misstatements.

The auditors noted that the Department subsequently addressed the errors identified above in the Department's year-end financial statements. To address this material weakness, JMD will enhance controls over UFMS conversion activities and financial statement compilation and review; provide additional guidance and training to Department components; and increase oversight to prevent, detect, and correct errors in financial reporting.

[4] During FY 2019, the Department adopted the Statement of Federal Financial Accounting Standards No. 53, *Budget and Accrual Reconciliation*.

Forward Looking Information

The Department of Justice faces challenges and risks every day as we work to meet our diverse mission. Some challenges and risks are recognizable and obvious, others are subtle, or are on the horizon. In a complex world where events and actions are happening simultaneously, the Department is employing forward-thinking and agile approaches to address our critical role of maintaining and strengthening the nation's liberty, safety, and prosperity.

One approach the Department is implementing to manage risks and challenges is an Enterprise Risk Management (ERM) capability that looks across the enterprise to address the full spectrum of the Department's significant risks as an interrelated portfolio, which includes strategic, operational, compliance, and compliance risks. DOJ is using a streamlined methodology to facilitate risk-informed decision-making through identification and mitigation activities that aligns strategy, processes, people, technology, and knowledge for the purpose of evaluating and managing uncertainties in executing our diversified missions.

ERM enables the Department's leadership to manage uncertainty (risks) and challenges more effectively to ensure its programs and activities continue to focus on meeting the dynamic demands of a complex legal, economic, and technological environments presently and in the future. Below we summarize a number of forward-looking initiatives we are pursuing.

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 70,200 Americans died from drug overdoses in 2017, of which 68% were opioid-related.[5]
- Transnational Organized Crime: Transnational criminal organizations pose a great 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.

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[5] The website for Centers for Disease Control and Prevention (CDC) is the official data source. These are the numbers reflected on the CDC website, as of October 15, 2019.

Immigration

- Increasing Workload: At the end of FY 2019, there were 988,112 cases pending in immigration courts nationwide, marking another 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 $17.6 billion to $27.7 billion, an increase of over 55%. However, since then, the discretionary budget has been largely flat or lower, with components absorbing inflationary costs. The 2019 enacted budget was $30.7 billion, an increase of 10.8% over 2010, or only 1.2% increase per year, which is less than rent and personnel costs rise each year.

Unpredictable

- 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 are 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.

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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, 2019 and 2018.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2019 and 2018. 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, 2019 and 2018.

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, 2019 and 2018.

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, 2019 and 2018.

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Commentary and Summary

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2019

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, 2019. An unmodified opinion was issued. KPMG reported a material weakness 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 Independent Auditors' Report dated November 19, 2019, 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 four 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) 2019 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 2018, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 19-02).

KPMG reported a material weakness in the FY 2019 Independent Auditors' Report, noting that the Department's financial statement compilation and review processes had again not achieved the full level of rigor that is necessary to prepare timely, accurate, and reliable financial statements in accordance with applicable standards. Specifically, KPMG identified errors in the journal entry process, and presentation of certain note disclosures and financial statement amounts. KPMG also identified that Working Capital Fund activity converted into UFMS was missing attributes and indicators, and weaknesses in the implementation of a new accounting standard. KPMG reported that the DOJ's ability to prevent, or detect and correct, misstatements of the DOJ's financial statements on a timely basis is impaired.

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 one final implementation scheduled in October 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 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, 2019 and 2018, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

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 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. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit 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, 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, 2019 and 2018, 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 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 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, 2019, 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.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2019 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. 19-03.

We also performed tests of its 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 (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 findings identified in our audit are 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 19, 2019

EXHIBIT I

Material Weakness

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

Improvements Needed in Financial Statement Compilation and Review Controls

The Department of Justice (DOJ, or 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. During fiscal year (FY) 2019, to facilitate its accounting of the Department's daily activities, the Department continued its multi-year implementation of its Unified Financial Management System (UFMS).

We noted weaknesses in the Department’s preventative controls, such as the proper review and approval by component personnel of transactions that are free of error. As a result, there was a heightened risk that the underlying information in UFMS may not be reliable. In response, the Department placed significant reliance on high-level detective controls implemented by Department personnel at the Justice Management Division to detect and correct material errors on a timely basis.

However, the Department’s personnel responsible for implementing those critical detective controls faced competing priorities in FY 2019, which included: (1) supporting the conversion to UFMS of five component organizations within the Offices, Boards and Divisions (OBDs) reporting component, and (2) planning for the future conversion of the remaining components and component organizations.

As a result, we noted that the Department's consolidated financial statement compilation and review processes had again not achieved the full level of rigor that is necessary to prepare timely, accurate, and reliable financial statements in accordance with generally accepted accounting principles, and OMB Circular No. A-136, *Financial Reporting Requirements.*

During our FY 2019 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:

- <u>Errors in the presentation of certain note disclosures were not detected on a timely basis</u>: The accompanying notes are an integral part of the consolidated financial statements, and provide additional disclosures that are necessary to make the consolidated financial statements more informative and not misleading.

  Several components submitted material errors in the note disclosures with their certified year-end financial statements, due to weaknesses in note compilation processes or difficulties in extracting information from underlying systems. Some examples of errors included:

  - Misclassified $2.8 billion between liabilities covered and not covered by budgetary resources in Note 11 (Liabilities not Covered by Budgetary Resources).
  - Overstated future noncancelable operating lease payments by $373 million in Note 13 (Leases).
  - Misclassified funds from dedicated collections between budgetary financing sources and other financing sources, in the amount of $1.1 billion, in Note 17 (Funds from Dedicated Collections).
  - Overstated net position by $1.0 billion in Note 17 (Funds from Dedicated Collections).
  - Misclassified the status of undelivered orders by $102 million between Intragovernmental and With the Public in Note 20 (Information Related to the Statement of Budgetary Resources).

We noted that component organizations in the OBDs also submitted material errors in the note disclosures with their certified interim financial statements. Some examples of errors included:

  - Misclassified accounts receivable, in the amount of $358 million, between Intragovernmental and With the Public in Note 6 (Accounts Receivable, Net).
  - Misclassified $799 million between liabilities covered and not covered by budgetary resources in Note 11 (Liabilities not Covered by Budgetary Resources).

- Errors in the presentation of certain financial statement amounts were not detected on a timely basis: Component organizations in the OBDs presented errors in the financial statement amounts of their certified financial statements, due to weaknesses in financial statement compilation processes. In the certified year-end financial statements, some examples of errors included:
  - Misclassified costs between goals 1 and 3, in the amount of $236 million, on the Statement of Net Cost.
  - Misclassified revenues between Intragovernmental and With the Public, in the amount of $129 million, on the Statement of Net Cost.
  - Overstated distributing offsetting receipts, in the amount of $151 million, in the Statement of Budgetary Resources.
- Errors in journal entries were not detected during the review and approval process: We noted that certain journal entries were reviewed and approved without errors being detected on a timely basis. For example, we noted that a $298 million journal entry to eliminate intra-departmental activity was incorrectly recorded with the wrong attribute, which misstated the presentation of accounts receivable and accounts payable on the balance sheet as of June 30, 2019. We noted a misstatement of $179 million in the year-end financial statements due to a similar matter. In addition, we noted that review and approval processes did not detect accruals of $270 million that duplicated revenue that had been recorded in the Department's legacy accounting system in FY 2018, and an entry that contained invalid downward adjustments of $558 million to DOJ's prior year obligations.
- Working capital fund activity was converted into UFMS with missing attributes and indicators: For the first time since the conversion to UFMS began more than a decade ago, the Department transitioned its working capital fund activities into the new accounting system. The Department's personnel faced a number of challenges and issues related to adjusting its existing business processes to adapt to the system functionality of UFMS. Prior to the conversion, the Department's personnel did not have a process to adjust its existing records in the legacy accounting system to include all of the necessary attributes and indicators required by UFMS to enable timely, accurate, and reliable financial reporting. For example, we noted that the Department's personnel reported certain converted accounts receivable balances without customer names, which significantly delayed the Department's reporting of intra-component and intra-departmental elimination activity. As such, accounts receivable and accounts payable were most likely overstated by $304 million, and earned revenue and expenses were most likely overstated by $496 million, as of March 31, 2019.
- Weaknesses in the implementation of a new accounting standard: During FY 2019, the Department adopted Statement of Federal Financial Accounting Standards No. 53, *Budget and Accrual Reconciliation*. The Department's personnel did not adequately identify how its reporting activities should be presented in accordance with the new standard. As a result, we noted the Department's personnel incorrectly disclosed activities in its interim financial statements in the two note captions required by the new standard. Specifically, *Components of Net Cost That Are Not Part of Net Outlays* and *Components of Net Outlays That Are Not Part of Net Cost* had net overstatements of approximately $1.9 billion and $1.1 billion, respectively.

Management subsequently addressed the errors noted above in the Department's year-end financial statements.

Our observations indicate that the Department needs to substantially enhance its management review controls, its monitoring activities, and the staffing and resources to ensure that transactions processed in UFMS are free of error. As a result, the DOJ's ability to prevent, or detect and correct, misstatements of the

DOJ's financial statements on a timely basis is impaired. Consequently, errors or a combination of errors in the financial statements could go undetected.

CRITERIA:

The Government Accountability Office's *Standards for Internal Controls in the Federal Government* states:

- Principle 5.07 (Consideration of Excessive Pressures): "Management adjusts excessive pressures on personnel in the entity. Pressure can appear in an entity because of goals established by management to meet objectives or cyclical demands of various processes performed by the entity, such as year-end financial statement preparation."
- Principle 10.03 (Design of Appropriate Types of Control Activities): "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."
- Principle 16.05 (Internal Control System): "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions."

Recommendations*:*

We recommend that the Department:

1. Assess reconciliation, financial reporting review, and other monitoring controls, and identify those areas where component management could increase the rigor and precision of those controls. *(Updated)*

   Management Response:

   Management concurs with the finding. We will enhance our internal control reviews over month and quarter end component financial reporting and operations. We will continue to assess processes to identify areas where OBD component management can increase the rigor and precision of financial management transaction processing. Lastly, we plan to expand overall financial management, budget execution and reimbursable activity training for Department components.

2. Enhance the Department'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. *(Repeat)*

   Management Response:

   Management concurs with the recommendation. In addition to enhancing the level of supervisory review, we are enhancing justification process for the journal entries to determine if additional system edits can be implemented to further provide validation of the journal entries. We will also enhance our review process to include analyzing related general ledger account attributes thus ensuring they are property reflected in the financial statements and note disclosures.

3. Enhance controls over conversion activities to ensure converted information in UFMS has the necessary attributes and indicators. *(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. Lastly, we plan to review previously converted funds in UFMS to further validate the integrity of the conversions.

4. Revise its training processes associated with the implementation of new accounting standards. *(New)*

Management Response:

Management concurs with recommendation. The Department will review, upon issuance, all changes to OMB A-136 that would require updates to the Departmental Financial Statement Preparation Guide. In addition, the Department will ensure implementation of new accounting standards is highlighted in the Department's Financial Statement Working Group meetings and are incorporated in the quarterly financial statements in a timely manner.

EXHIBIT II

STATUS OF PRIOR YEAR'S FINDING AND RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, we have evaluated whether the Department has taken the appropriate corrective action to address the finding and recommendations from the prior year's financial statements audit that could have a material effect on the financial statements or other financial data significant to the audit objectives. The following table provides the Office of the Inspector General report number where the deficiency was reported, our recommendations for improvement, and the status of the previously identified significant deficiency and recommendations as of the end of FY 2019.

Report	Significant Deficiency	Recommendations	Status
Annual Financial Statements Fiscal Year 2018 Report No. 19-02	Improvements Needed in Financial Statement Preparation and Review Controls	**Recommendation No. 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.	Completed
		Recommendation No. 2: Enhance controls over the review and approval of fund designations for converted funds in UFMS.	Completed
		Recommendation No. 3: Revise its training processes associated with the generation of reports and queries in UFMS.	Completed
		Recommendation No. 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.	In Process (FY 2019 Recommendation No. 2)
		Recommendation No. 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.	Completed (Updated by FY2019 Recommendation No. 1)

Principal Financial Statements and Related Notes

See Independent Auditors' Report

U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2019 and 2018

Dollars in Thousands	2019	2018
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	$ 39,379,340	$ 39,381,023
Investments (Note 5)	3,665,946	7,720,266
Accounts Receivable (Note 6)	659,563	720,357
Other Assets (Note 10)	157,082	196,702
Total Intragovernmental	43,861,931	48,018,348
Cash and Other Monetary Assets (Note 4)	2,409,814	188,960
Accounts Receivable, Net (Note 6)	168,927	181,729
Inventory and Related Property, Net (Note 7)	144,608	150,809
Forfeited Property, Net (Note 8)	136,774	146,296
General Property, Plant and Equipment, Net (Note 9)	8,715,749	8,586,026
Advances and Prepayments	327,308	256,973
Other Assets (Note 10)	3,534	1,910
Total Assets	**$ 55,768,645**	**$ 57,531,051**
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	$ 402,790	$ 243,959
Accrued Federal Employees' Compensation Act Liabilities	279,206	276,690
Custodial Liabilities (Note 21)	1,907,412	1,727,417
Other Liabilities (Note 15)	411,631	353,454
Total Intragovernmental	3,001,039	2,601,520
Accounts Payable	4,238,855	5,105,977
Accrued Grant Liabilities	843,398	540,400
Accrued Payroll and Benefits	532,909	469,750
Accrued Annual and Compensatory Leave Liabilities	959,989	896,885
Federal Employees and Veterans Benefits	1,811,346	1,835,943
Environmental and Disposal Liabilities (Note 12)	75,881	76,789
Deferred Revenue	761,873	750,518
Seized Cash and Monetary Instruments (Note 14)	2,477,002	1,440,444
Contingent Liabilities (Note 16)	69,775	88,953
Radiation Exposure Compensation Act Liabilities (Note 24)	174,659	250,421
September 11th Victim Compensation Fund Liabilities (Note 24)	4,316,410	3,174,391
United States Victims of State Sponsored Terrorism Act Liabilities (Note 24)	1,166,312	1,192,751
Other Liabilities (Note 15)	583,597	512,041
Total Liabilities	**$ 21,013,045**	**$ 18,936,783**
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	$ 53,764	$ 72,459
Unexpended Appropriations - All Other Funds	16,043,659	16,265,939
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	15,399,181	17,733,869
Cumulative Results of Operations - All Other Funds	3,258,996	4,522,001
Total Net Position	**$ 34,755,600**	**$ 38,594,268**
Total Liabilities and Net Position	**$ 55,768,645**	**$ 57,531,051**

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

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Year Ended September 30, 2019 and 2018

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	**2019**	$ 1,853,460	$ 5,386,700	$ 7,240,160	$ 249,068	$ 13,179	$ 262,247	$ 6,977,913
	2018	$ 1,705,356	$ 4,588,607	$ 6,293,963	$ 274,870	$ 10,703	$ 285,573	$ 6,008,390
Goal 2	**2019**	346,069	507,934	854,003	16,054	161	16,215	837,788
	2018	185,557	529,196	714,753	11,277	502	11,779	702,974
Goal 3	**2019**	5,360,442	23,501,747	28,862,189	811,908	1,021,891	1,833,799	27,028,390
	2018	5,414,347	19,602,649	25,016,996	1,027,121	1,014,167	2,041,288	22,975,708
Goal 4	**2019**	1,230,415	4,613,160	5,843,575	302,213	585,110	887,323	4,956,252
	2018	1,070,997	4,572,336	5,643,333	90,233	883,314	973,547	4,669,786
Total	**2019**	**$ 8,790,386**	**$ 34,009,541**	**$ 42,799,927**	**$ 1,379,243**	**$ 1,620,341**	**$ 2,999,584**	**$ 39,800,343**
	2018	**$ 8,376,257**	**$ 29,292,788**	**$ 37,669,045**	**$ 1,403,501**	**$ 1,908,686**	**$ 3,312,187**	**$ 34,356,858**

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, 2019

Dollars in Thousands

	2019			
	Funds from Dedicated Collections	**All Other Funds**	**Eliminations**	**Total**
Unexpended Appropriations				
Beginning Balances	**$ 72,459**	**$ 16,265,939**	**$ -**	**$ 16,338,398**
Adjustments				
Changes in Accounting Principles	207	**(207)**	-	-
Beginning Balances, as Adjusted	**72,666**	**16,265,732**	**-**	**16,338,398**
Budgetary Financing Sources				
Appropriations Received	24,015	31,330,693	-	31,354,708
Appropriations Transferred-In/Out	-	970,698	-	970,698
Other Adjustments	-	(168,329)	-	(168,329)
Appropriations Used	(42,917)	(32,355,135)	-	(32,398,052)
Total Budgetary Financing Sources	**(18,902)**	**(222,073)**	**-**	**(240,975)**
Unexpended Appropriations	**$ 53,764**	**$ 16,043,659**	**$ -**	**$ 16,097,423**
Cumulative Results of Operations				
Beginning Balances	**$ 17,733,869**	**$ 4,522,001**	**$ -**	**$ 22,255,870**
Adjustments				
Changes in Accounting Principles	(24)	24	-	-
Beginning Balances, as Adjusted	**17,733,845**	**4,522,025**	**-**	**22,255,870**
Budgetary Financing Sources				
Other Adjustments	(679,236)	(224,000)	-	(903,236)
Appropriations Used	42,917	32,355,135	-	32,398,052
Nonexchange Revenues	908,956	246	-	909,202
Donations and Forfeitures of Cash and Cash Equivalents	2,515,431	184	-	2,515,615
Transfers-In/Out Without Reimbursement	(504,500)	385,250	-	(119,250)
Other Financing Sources				
Donations and Forfeitures of Property	360,257	1	-	360,258
Transfers-In/Out Without Reimbursement	(2,061)	3,615	-	1,554
Imputed Financing (Note 19)	41,949	1,027,958	(18,549)	1,051,358
Other Financing Sources	(3)	(10,900)	-	(10,903)
Total Financing Sources	**2,683,710**	**33,537,489**	**(18,549)**	**36,202,650**
Net Cost of Operations	**(5,018,374)**	**(34,800,518)**	**18,549**	**(39,800,343)**
Net Change	(2,334,664)	(1,263,029)	-	(3,597,693)
Cumulative Results of Operations	**$ 15,399,181**	**$ 3,258,996**	**$ -**	**$ 18,658,177**
Net Position	**$ 15,452,945**	**$ 19,302,655**	**$ -**	**$ 34,755,600**

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

Dollars in Thousands

	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
Combined Statements of Budgetary Resources
For the Fiscal Year Ended September 30, 2019 and 2018

Dollars in Thousands	2019	2018
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	$ 13,250,474	$ 13,028,302
Appropriations (discretionary and mandatory)	38,005,066	37,640,790
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,072,468	5,543,646
Total Budgetary Resources	**$ 56,328,008**	**$ 56,212,738**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 45,704,768	$ 44,172,778
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	7,524,859	10,243,853
Exempt from Apportionment, Unexpired Accounts	259,969	226,832
Unapportioned, Unexpired Accounts	1,913,400	680,004
Unexpired Unobligated Balance, End of Year	9,698,228	11,150,689
Expired Unobligated Balance, End of Year	925,012	889,271
Unobligated Balance - End of Year (Total)	10,623,240	12,039,960
Total Status of Budgetary Resources	**$ 56,328,008**	**$ 56,212,738**
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	$ 38,436,298	$ 35,374,822
Less: Distributed Offsetting Receipts	949,222	795,707
Agency Outlays, Net (discretionary and mandatory)	**$ 37,487,076**	**$ 34,579,115**

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Year Ended September 30, 2019 and 2018

Dollars in Thousands	2019	2018
Total Custodial Revenue		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	$ 9,573,911	$ 13,993,171
Fees and Licenses	65,394	61,371
Miscellaneous	472	413
Total Cash Collections	9,639,777	14,054,955
Accrual Adjustments	2,056	2,913
Total Custodial Revenue (Note 21)	9,641,833	14,057,868
Disposition of Collections		
Transferred to Federal Agencies		
Library of Congress	-	(94)
The Judiciary	(32,980)	-
U.S. Department of Agriculture	(85,376)	(41,549)
U.S. Department of Commerce	(8,565)	(7,166)
U.S. Department of the Interior	(531,327)	(281,347)
U.S. Department of Justice	(57,416)	(26,335)
U.S. Department of Labor	(2,838)	(4,017)
U.S. Postal Service	(23,001)	(3,993)
U.S. Department of State	(68)	(2,538)
U.S. Department of the Treasury	(1,261,004)	(877,450)
Office of Personnel Management	(6,842)	(2,649)
Federal Communications Commission	(567)	(580)
Social Security Administration	(720)	(1,126)
Federal Trade Commission	(6,178)	-
U.S. Nuclear Regulatory Commission	(1,266)	-
U.S. Department of Veterans Affairs	(135,737)	(48,055)
Equal Employment Opportunity Commission	(79)	(3)
General Services Administration	(3,973)	(50,901)
National Science Foundation	(2,078)	-
Securities and Exchange Commission	(3)	(181)
Federal Deposit Insurance Corporation	(9)	(64)
National Endowment For the Humanities	(11)	-
Railroad Retirement Board	(156)	(419)
Consumer Product Safety Commission	(24)	-
Tennessee Valley Authority	-	(3,526)
Environmental Protection Agency	(563,284)	(119,956)
U.S. Department of Transportation	(7,494)	(9,327)
U.S. Department of Homeland Security	(177,966)	(208,402)
Agency for International Development	(1,542)	(2,104)
Small Business Administration	(5,875)	(12,881)
U.S. Department of Health and Human Services	(1,225,960)	(807,686)
National Aeronautics and Space Administration	(1,855)	(556)
Export-Import Bank of the United States	(1,256)	(1,491)
U.S. Department of Housing and Urban Development	(82,164)	(271,315)
U.S. Department of Energy	(1,770)	(6,384)
U.S. Department of Education	(15,071)	(46,060)
Independent Agencies	-	(225,500)
Commodities Futures Trading Commission	(71)	-
Corporation of National & Community Services	(629)	-
Federal Reserve Board	(4)	-
Treasury General Fund	(4,386,492)	(11,008,533)
U.S. Department of Defense	(178,532)	(121,112)
Transferred to the Public	(396,116)	(306,206)
(Increase)/Decrease in Amounts Yet to be Transferred	(183,784)	871,079
Refunds and Other Payments	(8,967)	(6,807)
Retained by the Reporting Entity	(242,783)	(422,634)
Total Disposition Of Collections	(9,641,833)	(14,057,868)
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)

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 2019 and 2018, 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, the United States Victims of State Sponsored Terrorisim Fund (USVSSTF) and the Federal Prison Commissary Fund are four Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

These notes are an integral part of the financial statements.

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.

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 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)

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.

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

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.

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.

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

U. Revenues and Other Financing Sources (continued)

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

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

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

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts 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 Funds from Dedicated Collections,* 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;

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

V. Funds from Dedicated Collections (continued)

2) Explicit authority for the funds to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and

3) A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government's general revenues.

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, U.S Victims of State Sponsored Terrorism Fund, 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 2018 financial statements were reclassified to conform to the FY 2019 Departmental financial statement presentation requirements. These reclassifications have no material effect on total assets, liabiliites, net position, change in net position, budegetary resources, or custodial activity as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2019 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.

BB. Classified Activities

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

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

CC. Budget and Accrual Reconciliation

SFFAS No. 53, *Budget and Accrual Reconciliation* (BAR) amends requirements for a reconciliation between budgetary and financial accounting information established by SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*. The BAR explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. SFFAS No. 53 is effective for FY 2019, and is presented in Note 22, *Reconciliation of Net Cost to Net Outlays.*

DD. Public- Private Partnerships

SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements* establishes principles to ensure that disclosures about Public-Private Partnerships (P3) are presented in the reporting entity's general purpose federal financial reports (GPFFR). The principles guide financial reporting by establishing a P3 definition and identifying risk-based characteristics that need to exist before considering the P3 arrangement or transaction for disclosure. SFFAS No. 49 exempts certain arrangements or transactions from the P3 disclosure requirements. Such exempt arrangements or transactions are subject to existing disclosure requirements in other SFFASs applicable to such arrangements or transactions. For FY 2019, the Department identified one P3 relationship that met the SFFAS No. 47 disclosure requirements. Additional details regarding the P3 arrangements are provided in Note 25, *Public-Private Partnerships: Disclosure Requirements*.

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

Note 2. Non-Entity Assets

As of September 30, 2019 and 2018

	2019	2018
Intragovernmental		
Fund Balance with Treasury	$ 2,060,416	$ 1,868,897
Investments	150,000	1,323,500
Total Intragovernmental	2,210,416	3,192,397
With the Public		
Cash and Other Monetary Assets	2,357,689	143,163
Accounts Receivable, Net	10,154	7,949
Total With the Public	2,367,843	151,112
Total Non-Entity Assets	4,578,259	3,343,509
Total Entity Assets	51,190,386	54,187,542
Total Assets	$ 55,768,645	$ 57,531,051

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

As of September 30, 2019 and 2018

	2019	2018
Status of Fund Balances		
Unobligated Balance - Available	$ 7,368,560	$ 9,915,783
Unobligated Balance - Available in Subsequent Periods	416,268	554,902
Unobligated Balance - Unavailable	2,838,412	1,569,275
Obligated Balance not yet Disbursed	23,511,271	22,518,084
Non-Budgetary Fund Balance with Treasury	8,521,367	11,027,015
Budgetary Resources from Invested Balances	(3,280,940)	(6,208,722)
Total Status of Fund Balances	$ 39,374,938	$ 39,376,337

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, 2019 and 2018, the respective immaterial variances of $4,402 and $4,686 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, 2019 and 2018

	2019	2018
Cash		
Undeposited Collections	$ 742	$ 48
Imprest Funds	52,125	45,764
Seized Cash Deposited	2,255,494	46,643
Other	33,287	31,337
Total Cash	2,341,648	123,792
Other Monetary Assets		
Seized Monetary Instruments	68,166	65,168
Total Other Monetary Assets	68,166	65,168
Total Cash and Other Monetary Assets	$ 2,409,814	$ 188,960

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, 2019					
Intragovernmental					
Non-Marketable Securities					
Market Based	$ 3,610,430	$ 55,010	$ 506	$ 3,665,946	$ 3,669,306
As of September 30, 2018					
Intragovernmental					
Non-Marketable Securities					
Market Based	$ 7,639,765	$ 79,349	$ 1,152	$ 7,720,266	$ 7,486,654

These notes are an integral part of the financial statements.

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

Note 6. Accounts Receivable, Net

As of September 30, 2019 and 2018

	2019	2018
Intragovernmental		
Accounts Receivable	$ 659,563	$ 720,357
Total Intragovernmental	659,563	720,357
With the Public		
Accounts Receivable	187,083	192,327
Allowance for Uncollectible Accounts	(18,156)	(10,598)
Total With the Public	168,927	181,729
Total Accounts Receivable, Net	$ 828,490	$ 902,086

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, 2019 and 2018

	2019	2018
Inventory		
Raw Materials	$ 56,597	$ 63,618
Work in Process	19,772	24,122
Finished Goods	23,215	25,818
Inventory Purchased for Resale	19,486	19,011
Excess, Obsolete, and Unserviceable	13,347	11,318
Inventory Allowance	(3,655)	(3,205)
Operating Materials and Supplies		
Held for Current Use	15,846	10,127
Total Inventory and Related Property, Net	$ 144,608	$ 150,809

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, 2019 and 2018, $181,028 and $93,513 of forfeited property were sold, $4,102 and $641 were destroyed or donated, $5,683 and $18,000 were returned to owners, and $182,001 and $113,856 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, 2019

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	455	184	848	(1,217)	270	-	270
	Value	$ 12,390	$ 1,248	$ 204,507	$ (186,011)	$ 32,134	$ -	$ 32,134
Real Property	Number	303	(2)	327	(421)	207	-	207
	Value	$ 106,543	$ (10,519)	$ 111,478	$ (139,250)	$ 68,252	$ (1,876)	$ 66,376
Personal Property	Number	2,894	107	3,371	(3,168)	3,204	-	3,204
	Value	$ 38,757	$ (1,228)	$ 49,064	$ (47,553)	$ 39,040	$ (776)	$ 38,264
Non-Valued Firearms	Number	32,944	67	19,001	(8,633)	43,379	-	43,379
Total	Number	36,596	356	23,547	(13,439)	47,060	-	47,060
	Value	$ 157,690	$ (10,499)	$ 365,049	$ (372,814)	$ 139,426	$ (2,652)	$ 136,774

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

(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, 2019 and 2018, $1,596,810 and $1,111,380 of seized property were forfeited, $150,132 and $82,471 were returned to parties with a bonafide interest, and $455,893 and $14,858 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, 2019

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	11,319	603	9,711	(9,159)	12,474	-	12,474
	Value	$ 1,385,747	$ 86,793	$ 2,938,082	$ (1,990,336)	$ 2,420,286	$ (864,579)	$ 1,555,707
Financial Instruments	Number	493	(38)	728	(600)	583	-	583
	Value	$ 291,620	$ (45,242)	$ 116,530	$ (92,025)	$ 270,883	(18,159)	$ 252,724
Real Property	Number	103	3	72	(69)	109	-	109
	Value	$ 37,065	$ 1,706	$ 100,729	$ (27,121)	$ 112,379	(74,759)	$ 37,620
Personal Property	Number	5,288	679	3,932	(4,299)	5,600	-	5,600
	Value	$ 173,782	$ (39,503)	$ 76,310	$ (73,625)	$ 136,964	(49,343)	$ 87,621
Non-Valued Firearms	Number	$ 26,218	$ 3,110	$ 23,297	$ (20,977)	31,648	-	31,648
Total	Number	43,421	4,357	37,740	(35,104)	50,414	-	50,414
	Value	$ 1,888,214	$ 3,754	$ 3,231,651	$ (2,183,107)	$ 2,940,512	$ (1,006,840)	$ 1,933,672

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

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

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

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

For the Fiscal Year Ended September 30, 2019

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	$ 49,564	$ (3,654)	$ 17,530	$ (10,066)	$ 53,374
Personal Property	Number	350	8	74	(62)	370
	Value	$ 6,167	$ 8,679	$ 1,364	$ (9,662)	$ 6,548
Non-Valued						
Firearms	Number	59,996	(1,742)	16,705	(8,404)	66,555
Drug Evidence						
Cocaine	KG	87,055	117	80,418	(90,712)	76,878
Heroin	KG	6,320	35	2,507	(945)	7,917
Marijuana	KG	8,287	26	557	(1,168)	7,702
Bulk Drug Evidence	KG	84,751	349	186,797	(153,112)	118,785
Methamphetamine	KG	23,566	3,499	11,782	(4,102)	34,745
Other	KG	14,023	(23)	2,520	(2,880)	13,640
Total Drug Evidence	KG	224,002	4,003	284,581	(252,919)	259,667

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

(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.

These notes are an integral part of the financial statements.

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

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2019

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	$ 185,059	$ -	$ 185,059	N/A
Construction in Progress	681,139	-	681,139	N/A
Buildings, Improvements and Renovations	11,966,598	(6,829,111)	5,137,487	2-50 yrs
Other Structures and Facilities	1,210,511	(789,204)	421,307	10-50 yrs
Aircraft	632,074	(261,953)	370,121	5-30 yrs
Boats	14,249	(7,057)	7,192	5-25 yrs
Vehicles	392,504	(273,317)	119,187	2-25 yrs
Equipment	1,590,268	(1,048,453)	541,815	2-25 yrs
Assets Under Capital Lease	90,153	(88,050)	2,103	2-30 yrs
Leasehold Improvements	2,137,212	(1,452,795)	684,417	2-20 yrs
Internal Use Software	2,361,590	(1,920,918)	440,672	2-10 yrs
Internal Use Software in Development	123,135	-	123,135	N/A
Other General Property, Plant and Equipment	2,768	(653)	2,115	10-20 yrs
Total	$ 21,387,260	$ (12,671,511)	$ 8,715,749	

These notes are an integral part of the financial statements.

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, 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	

Note 10. Other Assets

As of September 30, 2019 and 2018

	2019	2018
Intragovernmental		
Advances and Prepayments	$ 156,989	$ 196,618
Other Intragovernmental Assets	93	84
Total Intragovernmental	157,082	196,702
Other Assets With the Public	3,534	1,910
Total Other Assets	$ 160,616	$ 198,612

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, 2019 and 2018

	2019	2018
Intragovernmental		
Accrued FECA Liabilities	$ 276,181	$ 273,786
Other Unfunded Employment Related Liabilities	652	894
Other	9,249	1,700
Total Intragovernmental	286,082	276,380
With the Public		
Federal Employee and Veteran Benefits	1,811,346	1,835,943
Accrued Annual and Compensatory Leave Liabilities	951,369	888,877
Environmental and Disposal Liabilities (Note 12)	75,881	76,789
Deferred Revenue	624,281	603,519
Contingent Liabilities (Note 16)	69,775	88,953
Capital Lease Liabilities (Note 13)	-	38
Radiation Exposure Compensation Act Liabilities (Note 24)	174,659	250,421
September 11th Victim Compensation Fund Liabilities (Note 24)	2,425,087	-
United States Victims of State Sponsored Terrorism Act Liabilities (Note 24)	-	25,696
Other	381,937	313,339
Total With the Public	6,514,335	4,083,575
Total Liabilities Not Covered by Budgetary Resources	6,800,417	4,359,955
Total Liabilities Covered by Budgetary Resources	9,573,422	11,144,009
Total Liabilities Not Requiring Budgetary Resources	4,639,206	3,432,819
Total Liabilities	$ 21,013,045	$ 18,936,783

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, 2019 and 2018

	2019	2018
Firing Ranges		
Beginning Balance, Brought Forward	$ 32,915	$ 32,027
Inflation Adjustment	665	888
Total Firing Range Liability	33,580	32,915
Asbestos		
Beginning Balance, Brought Forward	$ 43,874	$ 43,334
Abatements	(1,549)	(704)
Inflation Adjustment	881	1,177
Future Funded Expenses	(905)	67
Total Asbestos Liability	$ 42,301	$ 43,874
Total Environmental and Disposal Liabilities	$ 75,881	$ 76,789

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 65 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, BOP management determined their estimated clean-up liability to be $30,612. In FY 2019, BOP management adjusted the estimated clean-up liability by the current U.S inflation rate as determine by Treasury and as such determined an estimated firing range clean-up liability of $31,277, based on an inflation rate of 2 percent. In FY 2019, the liability cost for firing ranges increased by $665.

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. Technical Release No. 2, *Environmental Liabilities Guidance* then requires the agency to recognize the anticipated cost of conducting a future study, plus any other identifiable costs, as a future

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

Note 12. Environmental and Disposal Liabilities (continued)

environmental and disposal liability. The FBI has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size. As of September 30, 2019 and 2018, the FBI reported the estimated firing range cleanup liability of $2,303 based on the estimated costs for contamination remediation.

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, BOP Management determined their estimated clean-up liability to be $40,544. In FY 2019, BOP Management decreased the clean-up liability in the amount of $1,549 for the abatement of asbestos at 9 locations. In addition, BOP Management increased the clean-up liability in the amount of $880 by the current U.S. inflation rate of 2 percent as determined by Treasury. In FY 2019, BOP Management recorded a clean-up liability in the amount of $39,875, a $669 decrease 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 70 years. The estimated total asbestos liability over the 70 year useful life is $2,426, and is based on an environmental survey 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, 2019 and 2018, the FBI recognized the estimated cleanup liability of $2,426 and $3,330 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, 2019.

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

Note 13. Leases

Capital Leases

DOJ enters into leasing agreements through leasing authority delegated by the General Services Administration (GSA). DOJ acquires use of various general facilities (buildings and plant material centers), equipment, and land with renewal options that range from 0 to 10 years and which are located mainly in urban areas. The portfolio includes leases with escalation clauses based on the Consumer Price Index (CPI), and amortization periods with a range of 8 to 25 years. The bulk of the Department's $2.1 million of total assets under capital lease in FY 2019 disclosed in the table below represent a 25-year capital lease for a Federal Transfer Center in Oklahoma City. The lease agreement, which expires in FY 2020, calls for semi-annual payments of $4.5 million for 20 years; the last five years (lease years 21 through 25) are land rental payments only. The Department's Bureau of Prisons paid the remaining total of $38 in payments during the fiscal year ended September 30, 2019.

Operating Leases

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

During FY 2019, the Department's FBI has submitted requirements packages to the GSA for the Little Rock and Cleveland field offices, which are scheduled to expire within the next five years. The FBI is currently revising the packages for the Anchorage and Oklahoma City field offices. The FBI is relocating two field offices through FY 2022 with the potential for three additional relocations before FY 2024, and is currently reviewing the expiration for the Louisville, Albuquerque, Omaha, Jacksonville and Jackson field offices which expire within the next five years.

The table below shows the Department's total future lease payments by fiscal year for all federal and non-federal operating leases that have initial or remaining non-cancellable terms in excess of one year as of September 30, 2019.

Expense Recognition of "Rent Holiday"

In the execution of lease agreements, many times lessors offer incentives for the occupation of office space. These include months of free rent at the occupied space or a temporary space while the new office is being prepared for occupancy. When a rent holiday occurs at the beginning of the lease term or at the beginning of occupancy of the temporary space, a rent expense is accrued, even though no payment is due. For FYs 2019 and 2018, the Department did not incur accrued lease liability for rent holidays.

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

Note 13. Leases (continued)

As of September 30, 2019

Intragovernmental

Future Noncancelable Operating Lease Payments

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2020	$ 392,309	-	$ 392,309
2021	395,350	-	395,350
2022	379,664	-	379,664
2023	371,484	-	371,484
2024	354,330	-	354,330
After 2024	3,158,147	-	3,158,147
Total Future Noncancelable Operating Lease Payments	$ 5,051,284	$ -	$ 5,051,284

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

	2019	2018
Summary of Assets Under Capital Lease		
Land and Buildings	$ 89,652	$ 89,652
Machinery and Equipment	501	595
Accumulated Amortization	(88,050)	(69,301)
Total Assets Under Capital Lease	$ 2,103	$ 20,946

These notes are an integral part of the financial statements.

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

Note 13. Leases (continued)

With The Public

Future Capital Lease Payments Due

Fiscal Year	Land and Buildings	Machinery and Equipment	Total
2020	$ -	$ 29	$ 29
2021	-	4	4
2022	-	4	4
2023	-	-	-
2024	-	-	-
Total Future Capital Lease Payments	$ -	$ 37	$ 37
Less: Imputed Interest	-	(1)	(1)
Less: Executory Costs	-	(17)	(17)
FY 2019 Net Capital Lease Liabilities	$ -	$ 19	$ 19
FY 2018 Net Capital Lease Liabilities	$ 38	$ 35	$ 73

	2019	2018
Net Capital Lease Liabilities Covered by Budgetary Resources	$ 19	$ 35
Net Capital Lease Liabilities not Covered by Budgetary Resources	$ -	$ 38

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.

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
2020	$ 5,945	$ 7,533	$ 13,478
2021	5,589	51	5,640
2022	4,838	21	4,859
2023	4,337	21	4,358
2024	3,774	14	3,788
After 2024	5,669	-	5,669
Total Future Noncancelable Operating Lease Payments	$ 30,152	$ 7,640	$ 37,792

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, 2019 and 2018

	2019	2018
Investments	$ 150,000	$ 1,323,500
Seized Cash Deposited	2,255,494	46,643
Seized Monetary Instruments	68,166	65,168
Cash in Transit to SADF	3,342	5,133
Total Seized Cash and Monetary Instruments	$ 2,477,002	$ 1,440,444

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

Note 15. Other Liabilities

As of September 30, 2019 and 2018

	2019	2018
Intragovernmental		
Other Accrued Liabilities	$ 66	$ -
Employer Contributions and Payroll Taxes Payable	183,075	164,029
Other Post-Employment Benefits Due and Payable	1,649	1,305
Other Unfunded Employment Related Liabilities	652	893
Advances from Others	213,394	174,753
Liability for Clearing Accounts	58	(988)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	2,204	2,433
Other Liabilities	10,533	11,029
Total Intragovernmental	$ 411,631	$ 353,454
With the Public		
Other Accrued Liabilities	$ 13,839	$ 16,319
Advances from Others	5,208	11,297
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	104,212	93,116
Liability for Clearing Accounts	83	78
Custodial Liabilities	60,885	57,096
Capital Leases Liabilities	19	73
Other Liabilities	399,351	334,062
Total With the Public	$ 583,597	$ 512,041
Total Other Liabilities	$ 995,228	$ 865,495

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.

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.

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

Note 15. Other Liabilities (continued)

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

As of September 30, 2019	Accrued Liabilities	Estimated Range of Loss Lower	Estimated Range of Loss Upper
Legal Contingencies:			
Probable	$ 69,775	$ 69,775	$ 100,804
Reasonably Possible		35,768	350,896

As of September 30, 2018	Accrued Liabilities	Estimated Range of Loss Lower	Estimated Range of Loss Upper
Legal Contingencies:			
Probable	$ 88,953	$ 88,953	$ 129,119
Reasonably Possible		43,892	148,515

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, 2019

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	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	$ 2,081,223	$ 170,439	$ 34,662	$ 139,199	$ 14,309,505	$ 2,167	$ 222,540	$ 83,539	$ 17,043,274
Investments	2,104,142	42,921	-	1,039,681	-	-	-	-	3,186,744
Other Assets	157,089	106,190	640	8,553	59,663	-	9,498	24,279	365,912
Total Assets	$ 4,342,454	$ 319,550	$ 35,302	$ 1,187,433	$ 14,369,168	$ 2,167	$ 232,038	$ 107,818	$ 20,595,930
Liabilities									
Accounts Payable	$ 2,691,017	$ 16,956	$ 10,410	$ 550	$ 43,835	$ -	$ 10,884	$ 11,466	$ 2,785,118
Other Liabilities	145,932	15,772	4,101	1,166,340	366,018	-	647,853	11,851	2,357,867
Total Liabilities	$ 2,836,949	$ 32,728	$ 14,511	$ 1,166,890	$ 409,853	$ -	$ 658,737	$ 23,317	$ 5,142,985
Net Position									
Unexpended Appropriations	$ -	$ 53,764		$ -	$ -	$ -	$ -	$ -	$ 53,764
Cumulative Results of Operations	1,505,505	233,058	20,791	$ 20,543	13,959,315	2,167	(426,699)	84,501	15,399,181
Total Net Position	$ 1,505,505	$ 286,822	$ 20,791	$ 20,543	$ 13,959,315	$ 2,167	$ (426,699)	$ 84,501	$ 15,452,945
Total Liabilities and Net Position	$ 4,342,454	$ 319,550	$ 35,302	$ 1,187,433	$ 14,369,168	$ 2,167	$ 232,038	$ 107,818	$ 20,595,930

For the Fiscal Year Ended September 30, 2019

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	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	$ 1,591,348	$ 245,863	$ 143,658	$ 1,040,386	$ 2,385,191	$ -	$ 504,289	$ 344,762	$ 6,255,497
Less: Earned Revenues	19,123	334,149	129,601	-	-	-	406,650	347,600	1,237,123
Net Cost of Operations	$ 1,572,225	$ (88,286)	$ 14,057	$ 1,040,386	$ 2,385,191	$ -	$ 97,639	$ (2,838)	$ 5,018,374
Statement of Changes in Net Position									
Net Position Beginning of Period	$ 1,523,558	$ 199,368	$ (687)	$ 183	$ 16,353,569	$ 1,268	$ (345,914)	$ 75,166	$ 17,806,511
Budgetary Financing Sources	1,192,810	(16,260)	35,534	1,060,746	(9,063)	899	-	-	2,264,666
Other Financing Sources	361,362	15,429	-	-	-	-	16,854	6,497	400,142
Total Financing Sources	1,554,172	(831)	35,534	1,060,746	(9,063)	899	16,854	6,497	2,664,808
Net Cost of Operations	(1,572,225)	88,286	(14,057)	$ (1,040,386)	(2,385,191)	-	(97,639)	2,838	(5,018,374)
Net Change	(18,053)	87,455	21,477	20,360	(2,394,254)	899	(80,785)	9,335	(2,353,566)
Net Position End of Period	$ 1,505,505	$ 286,823	$ 20,790	$ 20,543	$ 13,959,315	$ 2,167	$ (426,699)	$ 84,501	$ 15,452,945

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, 2018

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	United States VSSTF	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	United States VSSTF	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)

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 Justice for United States Victims of State Sponsored Terrorism Act (the “Act”), 34 U.S.C. § 20144 (formerly codified as 42 U.S.C. § 10609), provides for the establishment and administration of the USVSST Fund to provide compensation to certain U.S. persons who were injured in acts of international state sponsored terrorism. The USVSST Fund may compensate eligible United States persons who (1) hold a final judgment issued by a United States district court awarding the applicant compensatory damages arising from acts of international terrorism for which a foreign state sponsor of terrorism was found not immune from the jurisdiction of the courts of the United States under the Foreign Sovereign Immunities Act; (2) were taken and held hostage from the United States Embassy in Tehran, Iran, during the period beginning November 4, 1979, and ending January 20, 1981, or are spouses and children of these hostages, if identified as a member of the proposed class in case number 1:00-CV-03110 (EGS) of the United States District Court for the District of Columbia; or (3) are the personal representative of a deceased individual in either of those two categories. Prior to FY 2019, the USVSSTF had multiple funding sources and the Department had the discretion to report the USVSSTF program as either Funds from Dedicated Collections or All Other Funds. In FY 2019, the program has been funded solely by revenue collect from Non-federal sources.

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

Note 17. Funds from Dedicated Collections (continued)

Therefore, in accordance with SFFAS No 43, which states, "*Funds that are financed by specifically identified revenues, provided to the government by non-federal sources, which remain available over time, are considered funds from dedicated collections*", the Department reported the USVSSTF activity as Funds from Dedicated Collections. This is a change in accounting principle as noted on the face of the Statement of changes in Net Position.

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.

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

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

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

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2019

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	$ 79,567	$ 442,182	$ -	$ 18,390	$ 5,197,740	$ -	$ 1,537,330	$ -	$ -	$ (35,049)	$ 7,240,160
Less: Earned Revenues	-	-	-	370	261,208	-	35,718	-	-	(35,049)	262,247
Net Cost of Operations	79,567	442,182	-	18,020	4,936,532	-	1,501,612	-	-	-	6,977,913
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	856,769	-	-	(2,766)	854,003
Less: Earned Revenues	-	-	-	-	-	-	18,981	-	-	(2,766)	16,215
Net Cost of Operations	-	-	-	-	-	-	837,788	-	-	-	837,788
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	1,432,214	984,213	8,036,112	2,841,000	2,728,756	663,998	4,691,636	4,267,344	3,691,832	(474,916)	28,862,189
Less: Earned Revenues	19,123	59,592	373,243	459,025	641,626	660,366	(3,894)	29,810	51,275	(456,367)	1,833,799
Net Cost of Operations	1,413,091	924,621	7,662,869	2,381,975	2,087,130	3,632	4,695,530	4,237,534	3,640,557	(18,549)	27,028,390
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	79,567	-	-	-	2,848,172	-	3,353,660	-	-	(437,824)	5,843,575
Less: Earned Revenues	-	-	-	-	89,447	-	1,235,700	-	-	(437,824)	887,323
Net Cost of Operations	79,567	-	-	-	2,758,725	-	2,117,960	-	-	-	4,956,252
Net Cost of Operations	$ 1,572,225	$ 1,366,803	$ 7,662,869	$ 2,399,995	$ 9,782,387	$ 3,632	$ 9,152,890	$ 4,237,534	$ 3,640,557	$ (18,549)	$ 39,800,343

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

Note 19. Imputed Financing

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

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

Note 19. Imputed Financing (continued)

Business-type activities are significantly self-sustaining activities that finance their accounting cycle of operations through collections of exchange revenues. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. §1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. 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	38.4%
	Regular Employees Offset	28.8%
	Law Enforcement Officers	62.3%
	Law Enforcement Officers Offset	53.4%
Federal Employees Retirement System (FERS)	Regular Employees	16.9%
	Regular Employees – Revised Annuity Employees (RAE)	17.3%
	Regular Employees – Further Revised Annuity Employees (FRAE)	17.6%
	Law Enforcement Officers	34.9%
	Law Enforcement Officers – RAE	35.4%
	Law Enforcement Officers – FRAE	35.6%

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

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

Note 19. Imputed Financing (continued)

For the Fiscal Year Ended September 30, 2019 and 2018

	2019	2018
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	$ 17,292	$ 23,132
Health Insurance	712,323	715,386
Life Insurance	2,228	2,192
Pension	319,515	132,826
Total Imputed Inter-Departmental	$ 1,051,358	$ 873,536

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 2019 and 2018, the FPI imputed costs were $18,549 and $18,440, respectively.

Note 20. Information Related to the Statement of Budgetary Resources

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

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

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.

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 (continued)

As of September 30, 2019

	2019	2018
Intragovernmental		
UDO Obligations Unpaid	$ 794,919	$ 76,868
UDO Obligations Prepaid/Advanced	198,444	159,486
Total Intragovernmental	$ 993,363	$ 236,354
With The Public		
UDO Obligations Unpaid	$ 11,983,024	11,467,944
UDO Obligations Prepaid/Advanced	362,175	289,901
Total With the Public	$ 12,345,199	$ 11,757,845
Total UDO	$ 13,338,562	$ 11,994,199

Permanent Indefinite Appropriations:

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

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" 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.

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 the Federal Prison Commisary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated Federal funds. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services, rather than annual or no-year appropriations.

- The Public Safety Officers' Benefits Act of 1976 (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.

- 28 U.S.C § 599 reauthorizes the Independent Counsel Reauthorization Act of 2016 for a five-year period. The Act also amends the time period in which individuals who held certain positions are subject to preliminary investigations by the Department of Justice from 1 year to 8 years after leaving office. The preliminary investigation is conducted to determine if the appointment of an independent counsel for further investigation and possible prosecution is necessary.

- On July 29, 2019, President Trump signed into law H.R. 1327, The Never Forget the Heroes: James Zadroga, Ray Pfeifer, and Luis Alvarez Permanent Authorization of the September 11th Victim Compensation Fund, Public Law No. 116-34 ("VCF Permanent Authorization Act"). The Permanent Authorization Act extends the VCF's claim filing deadline to October 1, 2090, and appropriates such funds as may be necessary to pay all approved claims in each fiscal year from fiscal year 2019 through fiscal year 2092.

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

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

Legal Arrangements Affecting Use of Unobligated Balances:

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

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

The reconciliation as of September 30, 2018 is presented below. The reconciliation as of September 30, 2019 is not presented, because the submission of the Budget of the United States (Budget) for FY 2021, which presents the execution of the FY 2019 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 2020.

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

For the Fiscal Year Ended September 30, 2018 (Dollars in Millions)	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	$ 56,213	$ 44,173	$ 796	$ 34,579
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, & USMS	(1,051)	(173)	-	-
USMS Court Security Funds	(520)	(496)	-	(485)
Distributed Offsetting Receipts	-	-	3	59
Special and Trust Fund Receipts	-	-	-	739
Other	(29)	(31)	-	(5)
Budget of the United States Government	$ 54,613	$ 43,473	$ 799	$ 34,887

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.

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.

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

For the above-related activities, funds for which the Department has no authority to use are transmitted to the Treasury General Fund at the end of the fiscal year.

As of September 30, 2019 and 2018, the Department reported total custodial revenue on the SCA in the amounts of $9,641,833 and $14,057,868, respectively. The custodial revenue represented $9,639,777 and $14,054,955 in custodial collections and $2,056 and $2,913 in accrual adjustments. The custodial collections that have yet to be disbursed are included in the assets and liabilities sections on the balance

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

Note 21. Custodial Revenues (continued)

sheet. As of September 30, 2019 and 2018, the assets and liabilities related to custodial activity were $1,968,297 and $1,784,513, respectively. As of September 30, 2019 and 2018, the total funds returned to the Treasury General Fund were $(4,386,492) and $(11,008,533).

Note 22. Reconciliation of Net Costs to Net Outlays

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

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

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

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

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

	Intra-governmental	With the Public	Total FY 2019
NET COST	$ 7,411,143	$ 32,389,200	$ 39,800,343
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and equipment depreciation	$ -	$ (896,350)	$ (896,350)
Property, plant, and equipment disposal and revaluation	-	(15,524)	(15,524)
Other	-	210,912	210,912
Increase/(decrease) in assets			
Accounts Receivable	(117,510)	(5,466)	(122,976)
Investments	626	-	626
Other Assets	(40,753)	120,336	79,583
(Increase)/decrease in liabilities			
Accounts Payable	(102,423)	874,575	772,152
Salaries and Benefits	(19,351)	(64,848)	(84,199)
Environmental and Disposal Liabilities	-	908	908
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	(49,512)	(1,440,585)	(1,490,097)
Other financing sources			
Federal Employee retirement benefit costs paid by OPM and imputed to the agency	(1,051,358)	-	(1,051,358)
Transfers out (in) without reimbursement	(394,791)	-	(394,791)
Total Components fo Net Cost That are Not Part of Net Outlays	$ (1,775,072)	$ (1,216,042)	$ (2,991,114)
Component of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	78,286	479,279	557,565
Acquisition of inventory	216	(12,360)	(12,144)
Acquisition of other assets	58,722	116,514	175,236
Other	(59,632)	15,152	(44,480)
Total Component of Net Outlays That Are Not Part of Net Cost	$ 77,592	$ 598,585	$ 676,177
Other Temporary Timing Difference	$ 1,670	$ -	$ 1,670
AGENCY OUTLAYS	$ 5,715,333	$ 31,771,743	$ 37,487,076

These notes are an integral part of the financial statements.

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

Note 23. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process

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

FY 2019 U.S. Department of Justice Balance Sheet		Line Items Used to Prepare the FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS:			**ASSETS:**
Intragovernmental Assets:			**Intragovernmental Assets:**
FBWT	$ 39,379,340	$ 39,379,340	FBWT
Investments, Net	3,665,946	3,665,440	Federal Investments
		506	Interest Receivable – Investments
Accounts Receivable, Net	659,563	436,804	Accounts Receivable
		222,778	Transfers Receivable
Other assets	157,082	156,971	Advances to Others and Prepayments
		92	Other assets
Total Intra-Governmental Assets	**$ 43,861,931**	**$ 43,861,931**	**Total Intra-Governmental Assets**
Non-Federal Assets			**Non-Federal Assets**
Cash and Other Monetary Assets	$ 2,409,814	$ 2,409,814	Cash and Other Monetary Assets
Accounts Receivable, Net	168,927	168,927	Accounts and Taxes Receivable, Net
Inventory and Related Property, Net	144,608	281,383	Inventory and Related Property, Net
General PP&E, Net	8,715,749	8,715,749	PP&E, Net
Other – Forfeited Property	136,774		Other Assets
Other – Advances and Prepayments	327,308	330,841	Advances and Prepayments
Other Assets	3,534		
Total Non-Federal Assets	**$ 11,906,714**	**$ 11,906,714**	**Total Non-Federal Assets**
Total Assets	**$ 55,768,645**	**$ 55,768,645**	**Total Assets**

These notes are an integral part of the financial statements.

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

Note 23. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

LIABILITIES			**LIABILITIES**
Intragovernmental Liabilities:			**Intragovernmental Liabilities:**
Accounts Payable	$ 402,790	$ 413,388	Accounts Payable
Other – Advances and Deferred Revenue		213,395	Advances from Others and Deferred Credits
Other – Accrued FECA	279,206		
Other – Custodial Liability	1,907,412	1,906,490	Liability to the GF for Custodial and Other Non-Entity Assets
Other Liabilities	411,631	435,762	Benefit Program Contributions Payable
		3,127	Other liabilities
		28,877	Other liabilities
Total Intra-Governmental Liabilities	**$ 3,001,039**	**$ 3,001,039**	**Total Intra-Governmental Liabilities**
Non-Federal Liabilities			**Non-Federal Liabilities**
Accounts Payable	4,238,855	4,238,854	Accounts Payable
Federal Employee and Veteran Benefits	1,811,346	1,832,925	Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities	75,881	75,881	Environmental and Disposal Liabilities
Accrued Payroll and Benefits	532,909	11,864,346	Other Liabilities
Accrued Annual and Compensatory Leave Liab	959,989		
Contingent Liabilities	69,775		
Deferred Revenue	761,873		
Other - Accrued Grant Liabilities	843,398		
Seized Cash and Monetary Instruments	2,477,002		
Radiation Exposure Compensation Act Liabilities	174,659		
September 11th VCF Liabilities	4,316,410		
VSST Act Liabilities	1,166,312		
Other Liabilities	583,597		
Total Non-Federal Liabilities	**$ 18,012,006**	**$ 18,012,006**	**Total Non-Federal Liabilities**
Total Liabilities	**$ 21,013,045**	**$ 21,013,045**	**Total Liabilities**
NET POSITION			**NET POSITION**
Unexpended Appropriations – Funds from Dedicated Collections	53,764	53,764	Net Position – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds	16,043,659	16,043,659	Net Position – Funds Other than those from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections	15,399,181	15,399,181	Net Position – Funds from Dedicated Collections
Cumulative Results of Operations – All Other Funds	3,258,996	3,258,996	Net Position – Funds Other than those from Dedicated Collections
Total Net Position	$ 34,755,600	$ 34,755,600	Total Net Position
Total Liabilities & Net Position	**$ 55,768,645**	**$ 55,768,645**	**Total Liabilities & Net Position**

These notes are an integral part of the financial statements.

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

Note 23. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2019 U.S. Department of Justice Statement of Net Cost		Line Items Used to Prepare the FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	Amounts	Amounts	**Reclassified Financial Statement Line**
Gross Costs	$ 42,799,927	$ 34,009,543	Non-Federal Costs
		3,751,785	Benefit Program Costs
		1,051,359	Imputed Costs
		3,332,863	Buy/Sell Costs
		137,258	Purchase of Assets
		67	Borrowing and Other Interest Expense
		654,310	Other Expenses (w/o Reciprocals)
		(137,258)	Purchase of Assets Offset
Total Gross Costs	**$ 42,799,927**	**$ 42,799,927**	**Total Gross Costs**
Earned Revenue	$ 2,999,584	$ 1,620,341	Non-Federal Earned Revenue
		1,239,426	Buy/Sell Revenue
		10,232	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		129,585	Collections Transferred in to a TAS Other than the General Fund - Exchange
Total Earned Revenue	**$ 2,999,584**	**$ 2,999,584**	**Total Earned Revenue**
Net Cost of Operations	**$ 39,800,343**	**$ 39,800,343**	**Net Cost of Operations**
Statement of Custodial Activity - Exchange			
Exchange Custodial Collections from the SCA	$ 19,470	$ 19,470	Miscellaneous Earned Revenues
Disposition of Exchange Custodial Collections from the SCA	(19,470)	(17,406)	Custodial Collections for Others Transferred to the General Fund
		(2,064)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Total Disposition of Exchange Custodial Collection	**$ (19,470)**	**$ (19,470)**	**Total Reclassified Disposition of Custodial Collections**

These notes are an integral part of the financial statements.

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

Note 23. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process (continued)

FY 2019 U.S. Department of Justice Statement of Changes in Net Position		Line Items Used to Prepare the FY 2019 Government-wide Statement of Operations and Changes in the Net Position	
Financial Statement Line	Amounts	Amounts	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			**UNEXPENDED APPROPRIATIONS**
Unexpended Appropriations, Beginning Balance	**$16,338,398**	**$16,338,398**	**Net Position, Beginning of Period**
Appropriations Received	31,354,708	31,354,708	Appropriations received as adjusted
Other Adjustments	(168,329)	(168,329)	Appropriations received as adjusted
Appropriations Transferred In/Out	970,698	1,069,872	Non-expenditure transfers-in of unexpended appropriations and financing sources
		(99,174)	Non-expenditure transfers-out of unexpended appropriations and financing sources
Total Appropriations Transferred In/Out	970,698	970,698	Total Reclassified Appropriations Transferred In/Out
Appropriations Used	(32,398,052)	(32,398,052)	Appropriations used
Total Unexpended Appropriations	**$16,097,423**	**$16,097,423**	**Net Position, End of Period**
CUMULATIVE RESULTS OF OPERATIONS			**CUMULATIVE RESULTS OF OPERATIONS**
Cumulative Results, Beginning Balance	**$22,255,870**	**$22,255,870**	**Net Position, Beginning of Period**
Other Adjustments	(903,236)	(903,236)	Collections for others transferred to the General Fund of the U.S. Government
Appropriations Used	32,398,052	32,398,052	Appropriations Expended
Non-Exchange Revenues	909,202	497,066	Other Taxes and Receipts
		169,030	Federal Securities Interest Revenue, including Associated Gains/Losses
		11	Borrowings and Other Interest Revenue
		243,095	Collections transferred into a TAS Other Than the General Fund of the U.S. Government
Total Non-Exchange Revenues	909,202	909,202	Total Reclassified Non-Exchange Revenues
Donations and Forfeitures of Cash and Cash Equivalents	2,515,615	2,515,615	Other Taxes and Receipts
Transfers In/Out w/o Reimbursement – Budgetary	(119,250)	983,638	Non-expenditure transfers-in of unexpended appropriations and financing sources
		(1,410,301)	Non-expenditure transfers-out of unexpended appropriations and financing sources
		307,413	Expenditure transfers-in of financing sources
Total Transfers-In/Out w/o Reimbursement – Budgetary	(119,250)	(119,250)	Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary
Donations and Forfeitures of Property	360,258	360,258	Other Taxes and Receipts (Non-Federal)
Transfers In/Out Without Reimbursement	1,554	4,076,739	Transfers-in without reimbursement
		(4,075,185)	Transfers-out without reimbursement
Imputed Financing	1,051,358	1,051,358	Imputed financing sources
Other Financing Sources	(10,903)	(10,342)	Non-entity collections transferred to the General Fund of the U.S. Government
		(561)	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government
Total Financing Sources	**$36,202,650**	**$36,202,650**	**Total Financing Sources**
Net Cost of Operations	**(39,800,343)**	**(39,800,343)**	**Net Cost of Operations**
Net Change	**(3,597,693)**	**(3,597,693)**	**Net Change**
Ending Balance – Cumulative Results of Operations	**$18,658,177**	**$18,658,177**	**Net Position – Ending Balance Cumulative Results**
Total Net Position	**$34,755,600**	**$34,755,600**	**Total Net Position**
Statement of Custodial Activity - Non-Exchange			**Non-Exchange Statement of Custodial Activity**
Non-Exchange Custodial Collections from the SCA	**$ 9,622,363**	**$ 9,622,363**	**Other Taxes and Receipts**
Total Reclassified Non-Exchange Custodial Collections	$ 9,622,363	$ 9,622,363	Total Reclassified Non-Exchange Custodial Collections
Disposition of Non-Exchange Custodial Collections from the SCA	(9,622,363)	(4,666,474)	Custodial Collections Transferred to a TAS Other than the General Fund
		(181,720)	Accrual for Custodial Collections Yet to be Transferred to a TAS Other than the General Fund
		(4,369,086)	Non-Entity Custodial Collections Transferred to the General Fund
		(405,083)	Other Taxes and Receipts
Total Disposition of Non-Exchange Custodial Collections	**$ (9,622,363)**	**$ (9,622,363)**	**Total Reclassified Disposition of Non-Exchange Custodial Collections**

These notes are an integral part of the financial statements.

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

Note 24. 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 $174,659 and $250,421 for estimated future benefits payable by the Department as of September 30, 2019 and 2018, 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 2019, based on the approach used in FY 2018, DOJ refined the approach for selecting the adjudication rate assumptions.

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

Note 24. 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, 2019 and September 30, 2018, the USVSST Fund recognized liabilities for future claims amounted to $1.166 billion and $1.193 billion, 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 $4,600,000. 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 17, 2015. This included limiting the amount of non-economic loss that could be awarded, eliminating claims for future out-of-pocket medical expenses, and capping the gross annual income level that can be used when calculating future economic loss.

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

The VCF meets the criteria of a government-acknowledged event as defined by FASAB SFFAS No.5. The OBDs recognized liabilities of $4.316 billion and $3.174 billion for estimated future benefits payable by the Department as of September 30, 2019 and 2018. In accordance with SFFAS No. 5 the September 30, 2019 liability for non-exchange transactions is based on actual claims submitted by September 30, 2019.

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

Note 24. Compensation Funds (continued)

The Department recognizes there are uncertainties that will influence future claims submitted beyond those submitted by September 30, 2019 including:

- Determining the ultimate number of individuals impacted by the events of September 11, 2001, and the number that will seek treatment and file a claim seeking compensation for injury or death.

- Determining the number of individuals who will die as a result of a 9/11-related illness.

- Determining the future cancer incidence rates in the affected population.

- Future conditions approved by the WTC Health program: the WTC Health Program conducts ongoing research into conditions that may be presumptively tied to an individual's exposure. Should new conditions be added to the WTC Health Program's list of conditions, these same conditions will be added to the VCF's list of conditions eligible for compensation. The WTC Health Program is currently conducting research in several areas, including autoimmune disorders and cardiac disease. The addition of one or more new conditions could open the VCF to claims from an entirely new population of individuals or amendments from current claimants suffering from a new condition or a loss tied to a new condition.

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

Note 25. Public-Private Partnerships

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

The average length of an ESPC is 17 years, but may not exceed 25 years. Term length depends on the scope of work performed by the ESCO and the nature of energy upgrades required by the institution. Annual payments made to the ESCO are tied to the energy savings guaranteed for the project and validated by the ESCO through the annual measurement and verification activity plan. Unless otherwise stipulated in the payment schedules or amended by a procurement action, payments are applied to principal, interest expense, and operational expense. By contrast, Note 11 includes only liabilities related to principal payments.

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

Note 25. Public-Private Partnerships (continued)

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

The schedule of current and future payments as of September 30, 2019, is presented in the following table.

Current Period		
2019	$	33,863
Total Current ESPC Payments		33,863
Future Period		
2020		104,803
2021		38,840
2022		39,885
After 2022		627,989
Total Future ESPC Payments	$	811,517
Total Current and Future ESPC Payments	$	845,380

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, 2019

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)	$ 1,272,275	$ 225,049	$ 1,027,361	$ 597,614	$ 2,498,401	$ 177,127	$ 6,237,712	$ 903,809	$ 311,126	$ 13,250,474
Appropriations (discretionary and mandatory)	1,498,726	1,316,999	7,542,400	2,709,531	9,455,067	-	6,958,889	4,909,901	3,613,553	38,005,066
Spending Authority from Offsetting Collections (discretionary and mandatory)	19,021	66,737	379,792	35,601	1,151,339	717,578	2,337,382	282,875	82,143	5,072,468
Total Budgetary Resources	$ 2,790,022	$ 1,608,785	$ 8,949,553	$ 3,342,746	$ 13,104,807	$ 894,705	$ 15,533,983	$ 6,096,585	$ 4,006,822	$ 56,328,008
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total)	$ 1,618,355	$ 1,414,019	$ 7,755,047	$ 2,896,820	$ 11,028,402	$ 683,081	$ 10,788,563	$ 5,667,422	$ 3,853,059	$ 45,704,768
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	394,334	182,031	809,529	425,384	1,768,373	-	3,432,896	386,468	125,844	7,524,859
Exempt from Apportionment, Unexpired Accounts	-	-	48,345	-	-	211,624	-	-	-	259,969
Unapportioned, Unexpired Accounts	777,333	-	-	-	25,410	-	1,067,962	42,695	-	1,913,400
Unexpired Unobligated Balance, End of Year	1,171,667	182,031	857,874	425,384	1,793,783	211,624	4,500,858	429,163	125,844	9,698,228
Expired Unobligated Balance, End of Year	-	12,735	336,632	20,542	282,622	-	244,562	-	27,919	925,012
Unobligated Balance - End of Year (Total)	1,171,667	194,766	1,194,506	445,926	2,076,405	211,624	4,745,420	429,163	153,763	10,623,240
Total Status of Budgetary Resources	**$ 2,790,022**	**$ 1,608,785**	**$ 8,949,553**	**$ 3,342,746**	**$ 13,104,807**	**$ 894,705**	**$ 15,533,983**	**$ 6,096,585**	**$ 4,006,822**	**$ 56,328,008**
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	$ 2,408,564	$ 1,319,709	$ 7,158,542	$ 2,703,522	$ 9,353,329	$ (66,603)	$ 8,015,911	$ 3,923,377	$ 3,619,947	$ 38,436,298
Less: Distributed Offsetting Receipts	180,142	276	1,448	426,620	5	-	340,569	-	162	949,222
Agency Outlays, Net (discretionary and mandatory)	**$ 2,228,422**	**$ 1,319,433**	**$ 7,157,094**	**$ 2,276,902**	**$ 9,353,324**	**$ (66,603)**	**$ 7,675,342**	**$ 3,923,377**	**$ 3,619,785**	**$ 37,487,076**

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)	$ 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**

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Required Supplementary Stewardship Information
Unaudited

See Independent Auditors' Report

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 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 2015 through September 30, 2019, are as follows:

Dollars in Thousands	2019	2018	2017	2016	2015
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	$ 3,214	$ 8,229	$ 4,721	$ 8,572	$ 16,118
Grants to States	-	(300)	-	-	(84)
Total Non-Federal Physical Property	$ 3,214	$ 7,929	$ 4,721	$ 8,572	$ 16,034

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

Other Information
Unaudited

See Independent Auditors' Report on the Financial Statements

U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	$ 2,081,223	$ 416,172	$ 2,461,827	$ 1,098,533	$ 5,001,862	$ 57,509	$ 8,437,052	$ 18,824,282	$ 1,000,880	$ -	$ 39,379,340
Investments	2,254,142	-	-	-	-	329,202	1,082,602	-	-	-	3,665,946
Accounts Receivable	18,662	28,584	2,473	6,525	425,127	34,178	598,770	9,048	10,128	(473,932)	659,563
Other Assets	-	334	9,356	28,059	31,297	-	1,830	88,847	1,023	(3,664)	157,082
Total Intragovernmental	4,354,027	445,090	2,473,656	1,133,117	5,458,286	420,889	10,120,254	18,922,177	1,012,031	(477,596)	43,861,931
Cash and Other Monetary Assets	2,270,286	11,274	402	26,427	101,374	-	51	-	-	-	2,409,814
Accounts Receivable, Net	185	106	4,063	7,075	38,463	4,914	113,012	793	316	-	168,927
Inventory and Related Property, Net	-	-	19,486	12,738	-	109,276	-	-	3,108	-	144,608
Forfeited Property, Net	136,774	-	-	-	-	-	-	-	-	-	136,774
General Property, Plant and Equipment, Net	1,467	173,785	4,783,808	260,658	2,863,828	54,872	164,293	10,229	402,809	-	8,715,749
Advances and Prepayments	-	1,166	4,616	817	68,469	1,943	76	250,221	-	-	327,308
Other Assets	1	1	-	-	29	3,319	-	-	184	-	3,534
Total Assets	**$ 6,762,740**	**$ 631,422**	**$ 7,286,031**	**$ 1,440,832**	**$ 8,530,449**	**$ 595,213**	**$ 10,397,686**	**$ 19,183,420**	**$ 1,418,448**	**$ (477,596)**	**$ 55,768,645**
LIABILITIES											
Intragovernmental											
Accounts Payable	$ 95,322	$ 31,451	$ 98,898	$ 64,951	$ 171,214	$ 3,454	$ 314,310	$ 66,223	$ 29,257	$ (472,290)	$ 402,790
Accrued FECA Liabilities	-	20,526	173,557	22,415	35,328	1,754	8,053	17	17,556	-	279,206
Custodial Liabilities	-	1	-	6,695	1,809	-	1,898,907	-	-	-	1,907,412
Other Liabilities	519	9,781	64,034	16,855	123,997	150,872	35,708	5,204	9,967	(5,306)	411,631
Total Intragovernmental	95,841	61,759	336,489	110,916	332,348	156,080	2,256,978	71,444	56,780	(477,596)	$ 3,001,039
Accounts Payable	2,595,695	32,028	404,468	85,898	404,718	41,339	279,157	74,229	321,323	-	4,238,855
Accrued Grant Liabilities	-	-	-	-	-	-	83,753	759,645	-	-	843,398
Accrued Payroll and Benefits	1,960	26,705	129,976	41,504	178,065	5,051	117,135	4,177	28,336	-	532,909
Accrued Annual and Compensatory Leave Liabilities	3,337	64,549	189,304	110,687	348,240	5,038	183,257	7,385	48,192	-	959,989
Federal Employee and Veteran Benefits	-	132,228	1,115,065	155,232	223,158	22,496	51,769	181	111,217	-	1,811,346
Environmental and Disposal Liabilities	-	-	71,152	-	4,729	-	-	-	-	-	75,881
Deferred Revenue	136,774	-	818	624,281	-	-	-	-	-	-	761,873
Seized Cash and Monetary Instruments	2,423,628	3,803	-	563	49,008	-	-	-	-	-	2,477,002
Contingent Liabilities	-	1,200	13,535	35,300	15,840	600	3,300	-	-	-	69,775
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	174,659	-	-	-	174,659
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	4,316,410	-	-	-	4,316,410
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	1,166,312	-	-	-	1,166,312
Other Liabilities	-	584	467,175	21,094	26,764	19	52,465	-	15,496	-	583,597
Total Liabilities	**$ 5,257,235**	**$ 322,856**	**$ 2,727,982**	**$ 1,185,475**	**$ 1,582,870**	**$ 230,623**	**$ 8,685,195**	**$ 917,061**	**$ 581,344**	**$ (477,596)**	**$ 21,013,045**
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,764	$ -	$ -	$ -	$ 53,764
Unexpended Appropriations - All Other Funds	-	181,537	1,640,246	527,031	3,730,758	-	5,121,617	4,296,876	545,594	-	16,043,659
Cumulative Results of Operations - Funds from Dedicated Collections	1,505,505	-	84,501	(426,699)	-	-	274,392	13,961,482	-	-	15,399,181
Cumulative Results of Operations - All Other Funds	-	127,029	2,833,302	155,025	3,216,821	364,590	(3,737,282)	8,001	291,510	-	3,258,996
Total Net Position	**$ 1,505,505**	**$ 308,566**	**$ 4,558,049**	**$ 255,357**	**$ 6,947,579**	**$ 364,590**	**$ 1,712,491**	**$ 18,266,359**	**$ 837,104**	**$ -**	**$ 34,755,600**
Total Liabilities and Net Position	**$ 6,762,740**	**$ 631,422**	**$ 7,286,031**	**$ 1,440,832**	**$ 8,530,449**	**$ 595,213**	**$ 10,397,686**	**$ 19,183,420**	**$ 1,418,448**	**$ (477,596)**	**$ 55,768,645**

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
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
Federal Employee and Veteran Benefits	-	135,493	1,134,980	161,379	217,008	21,297	58,199	184	107,403	-	1,835,943
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 Statement of Net Cost
For the Fiscal Year Ended September 30, 2019

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	$ 9,316	$ 143,945	$ -	$ 5,795	$ 1,532,557	$ -	$ 196,896	$ -	$ -	$ (35,049)	$ 1,853,460
Gross Cost - With the Public	70,251	298,237	-	12,595	3,665,183	-	1,340,434	-	-	-	5,386,700
Subtotal Gross Costs	79,567	442,182	-	18,390	5,197,740	-	1,537,330	-	-	(35,049)	7,240,160
Earned Revenues - Intragovernmenta	-	-	-	370	248,504	-	35,243	-	-	(35,049)	249,068
Earned Revenues - With the Public	-	-	-	-	12,704	-	475	-	-	-	13,179
Subtotal Earned Revenues	-	-	-	370	261,208	-	35,718	-	-	(35,049)	262,247
Subtotal Net Cost of Operations	$ 79,567	$ 442,182	$ -	$ 18,020	$ 4,936,532	$ -	$ 1,501,612	$ -	$ -	$ -	$ 6,977,913
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 348,835	$ -	$ -	$ (2,766)	$ 346,069
Gross Cost - With the Public	-	-	-	-	-	-	507,934	-	-	-	507,934
Subtotal Gross Costs	-	-	-	-	-	-	856,769	-	-	(2,766)	854,003
Earned Revenues - Intragovernmenta	-	-	-	-	-	-	18,820	-	-	(2,766)	16,054
Earned Revenues - With the Public	-	-	-	-	-	-	161	-	-	-	161
Subtotal Earned Revenues	-	-	-	-	-	-	18,981	-	-	(2,766)	16,215
Subtotal Net Cost of Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ 837,788	$ -	$ -	$ -	$ 837,788
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	$ 167,694	$ 320,393	$ 1,914,520	$ 1,091,716	$ 643,562	$ 137,968	$ 621,917	$ 296,491	$ 641,097	$ (474,916)	$ 5,360,442
Gross Cost - With the Public	1,264,520	663,820	6,121,592	1,749,284	2,085,194	526,030	4,069,719	3,970,853	3,050,735	-	23,501,747
Subtotal Gross Costs	1,432,214	984,213	8,036,112	2,841,000	2,728,756	663,998	4,691,636	4,267,344	3,691,832	(474,916)	28,862,189
Earned Revenues - Intragovernmenta	19,123	59,177	3,728	44,369	458,539	604,724	2,028	29,810	46,777	(456,367)	811,908
Earned Revenues - With the Public	-	415	369,515	414,656	183,087	55,642	(5,922)	-	4,498	-	1,021,891
Subtotal Earned Revenues	19,123	59,592	373,243	459,025	641,626	660,366	(3,894)	29,810	51,275	(456,367)	1,833,799
Subtotal Net Cost of Operations	$ 1,413,091	$ 924,621	$ 7,662,869	$ 2,381,975	$ 2,087,130	$ 3,632	$ 4,695,530	$ 4,237,534	$ 3,640,557	$ (18,549)	$ 27,028,390
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	$ 9,316	$ -	$ -	$ -	$ 827,926	$ -	$ 830,997	$ -	$ -	$ (437,824)	$ 1,230,415
Gross Cost - With the Public	70,251	-	-	-	2,020,246	-	2,522,663	-	-	-	4,613,160
Subtotal Gross Costs	79,567	-	-	-	2,848,172	-	3,353,660	-	-	(437,824)	5,843,575
Earned Revenues - Intragovernmenta	-	-	-	-	85,287	-	654,750	-	-	(437,824)	302,213
Earned Revenues - With the Public	-	-	-	-	4,160	-	580,950	-	-	-	585,110
Subtotal Earned Revenues	-	-	-	-	89,447	-	1,235,700	-	-	(437,824)	887,323
Subtotal Net Cost of Operations	$ 79,567	$ -	$ -	$ -	$ 2,758,725	$ -	$ 2,117,960	$ -	$ -	$ -	$ 4,956,252
Total Net Cost of Operations	**$ 1,572,225**	**$ 1,366,803**	**$ 7,662,869**	**$ 2,399,995**	**$ 9,782,387**	**$ 3,632**	**$ 9,152,890**	**$ 4,237,534**	**$ 3,640,557**	**$ (18,549)**	**$ 39,800,343**

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

Dollars in Thousand	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Elimination	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
	75,407	-	-	-	2,759,069	-	3,341,058	-	-	(532,201)	5,643,333
Subtotal Gross Costs											
Earned Revenues - Intragovernmental	-	-	-	-	65,792	-	556,642	-	-	(532,201)	90,233
Earned Revenues - With the Public	-	-	-	-	3,512	-	879,802	-	-	-	883,314
	-	-	-	-	69,304	-	1,436,444	-	-	(532,201)	973,547
Subtotal Earned Revenues											
	$ 75,407	$ -	$ -	$ -	$ 2,689,765	$ -	$ 1,904,614	$ -	$ -	$ -	$ 4,669,786
Subtotal Net Cost of Operations											
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 Changes in Net Position
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning 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**
Adjustments:											
Changes in Accounting Principles											
Funds from Dedicated Collections	-	-	-	-	-	-	207	-	-	-	207
All Other Funds	-	-	-	-	-	-	(207)	-	-	-	(207)
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**72,666**	**-**	**-**	**-**	**72,666**
All Other Funds	**-**	**181,691**	**1,341,274**	**452,154**	**3,518,062**	**-**	**6,270,348**	**4,006,370**	**495,833**	**-**	**16,265,732**
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	24,015	-	-	-	24,015
All Other Funds	-	1,316,678	7,542,400	2,267,000	9,577,137	-	5,301,945	2,243,800	3,081,733	-	31,330,693
Appropriations Transferred-In/Out											
All Other Funds	-	163	(15,946)	15,787	(6,415)	-	410,746	(27,975)	594,338	-	970,698
Other Adjustments											
All Other Funds	-	-	(105)	(102)	(51,737)	-	(38,215)	(78,020)	(150)	-	(168,329)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(42,917)	-	-	-	(42,917)
All Other Funds	-	(1,316,995)	(7,227,377)	(2,207,808)	(9,306,289)	-	(6,823,207)	(1,847,299)	(3,626,160)	-	(32,355,135)
Total Budgetary Financing Sources											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**(18,902)**	**-**	**-**	**-**	**(18,902)**
All Other Funds	**-**	**(154)**	**298,972**	**74,877**	**212,696**	**-**	**(1,148,731)**	**290,506**	**49,761**	**-**	**(222,073)**
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(18,902)	-	-	-	(18,902)
All Other Funds	-	(154)	298,972	74,877	212,696	-	(1,148,731)	290,506	49,761	-	(222,073)
Ending Balances											
Funds from Dedicated Collections	**-**	**-**	**-**	**-**	**-**	**-**	**53,764**	**-**	**-**	**-**	**53,764**
All Other Funds	**-**	**181,537**	**1,640,246**	**527,031**	**3,730,758**	**-**	**5,121,617**	**4,296,876**	**545,594**	**-**	**16,043,659**
Total All Funds	**$ -**	**$ 181,537**	**$ 1,640,246**	**$ 527,031**	**$ 3,730,758**	**$ -**	**$ 5,175,381**	**$ 4,296,876**	**$ 545,594**	**$ -**	**$ 16,097,423**

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2019

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	**$ 1,523,558**	**$ -**	**$ 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**
Adjustments:											
Changes in Accounting Principles											
Funds from Dedicated Collections	-	-	-	-	-	-	(24)	-	-	-	(24)
All Other Funds	-	-	-	-	-	-	24	-	-	-	24
Beginning Balances, as Adjusted											
Funds from Dedicated Collections	**1,523,558**	**-**	**75,166**	**(345,914)**	**-**	**-**	**126,198**	**16,354,837**	**-**	**-**	**17,733,845**
All Other Funds	**-**	**123,310**	**2,977,238**	**170,733**	**3,271,977**	**343,760**	**(2,623,876)**	**6,987**	**251,896**	**-**	**4,522,025**
Budgetary Financing Sources											
Other Adjustments											
Funds from Dedicated Collections	(674,000)	-	-	-	-	-	(5,236)	-	-	-	(679,236)
All Other Funds	-	-	-	-	(73,000)	-	(151,000)	-	-	-	(224,000)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	42,917	-	-	-	42,917
All Other Funds	-	1,316,995	7,227,377	2,207,808	9,306,289	-	6,823,207	1,847,299	3,626,160	-	32,355,135
Nonexchange Revenues											
Funds from Dedicated Collections	156,615	-	-	-	-	-	256,005	496,336	-	-	908,956
All Other Funds	-	-	-	-	-	-	42	204	-	-	246
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,710,195	-	-	-	-	-	805,236	-	-	-	2,515,431
All Other Funds	-	-	-	-	-	-	184	-	-	-	184
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	-	-	-	-	-	-	-	(504,500)	-	-	(504,500)
All Other Funds	-	-	-	-	132,875	-	252,825	-	(450)	-	385,250
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	360,257	-	-	-	-	-	-	-	-	-	360,257
All Other Funds	-	-	1	-	-	-	-	-	-	-	1
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(2,061)	-	-	-	-	-	-	-	-	-	(2,061)
All Other Funds	-	1,706	-	5,737	25,616	-	(34,384)	-	4,940	-	3,615
Imputed Financing (Note 19)											
Funds from Dedicated Collections	3,166	-	6,497	16,854	-	-	15,432	-	-	-	41,949
All Other Funds	-	51,821	294,393	73,103	345,916	24,462	182,888	5,854	49,521	(18,549)	1,009,409
Other Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(3)	-	-	-	(3)
All Other Funds	-	-	-	-	(10,465)	-	(435)	-	-	-	(10,900)
Total Financing Sources											
Funds from Dedicated Collections	**1,554,172**	**-**	**6,497**	**16,854**	**-**	**-**	**1,114,351**	**(8,164)**	**-**	**-**	**2,683,710**
All Other Funds	**-**	**1,370,522**	**7,521,771**	**2,286,648**	**9,727,231**	**24,462**	**7,073,327**	**1,853,357**	**3,680,171**	**(18,549)**	**33,518,940**
Net Cost of Operations											
Funds from Dedicated Collections	(1,572,225)	-	2,838	(97,639)	-	-	(966,157)	(2,385,191)	-	-	(5,018,374)
All Other Funds	-	(1,366,803)	(7,665,707)	(2,302,356)	(9,782,387)	(3,632)	(8,186,733)	(1,852,343)	(3,640,557)	18,549	(34,781,969)
Net Change											
Funds from Dedicated Collections	(18,053)	-	9,335	(80,785)	-	-	148,194	(2,393,355)	-	-	(2,334,664)
All Other Funds	-	3,719	(143,936)	(15,708)	(55,156)	20,830	(1,113,406)	1,014	39,614	-	(1,263,029)
Ending Balances											
Funds from Dedicated Collections	**1,505,505**	**-**	**84,501**	**(426,699)**	**-**	**-**	**274,392**	**13,961,482**	**-**	**-**	**15,399,181**
All Other Funds	**-**	**127,029**	**2,833,302**	**155,025**	**3,216,821**	**364,590**	**(3,737,282)**	**8,001**	**291,510**	**-**	**3,258,996**
Total All Funds	**$ 1,505,505**	**$ 127,029**	**$ 2,917,803**	**$ (271,674)**	**$ 3,216,821**	**$ 364,590**	**$ (3,462,890)**	**$ 13,969,483**	**$ 291,510**	**$ -**	**$ 18,658,177**
Net Position - Funds from Dedicated Collections	**1,505,505**	**-**	**84,501**	**(426,699)**	**-**	**-**	**328,156**	**13,961,482**	**-**	**-**	**15,452,945**
Net Position - All Other Funds	**-**	**308,566**	**4,473,548**	**682,056**	**6,947,579**	**364,590**	**1,384,335**	**4,304,877**	**837,104**	**-**	**19,302,655**
Net Position - Total	**$ 1,505,505**	**$ 308,566**	**$ 4,558,049**	**$ 255,357**	**$ 6,947,579**	**$ 364,590**	**$ 1,712,491**	**$ 18,266,359**	**$ 837,104**	**$ -**	**$ 34,755,600**

U. S. Department of Justice
Consolidating Statement of Changes in Net Positior
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
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2019

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Total Custodial Revenue										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	$ -	$ 133	$ -	$ 30,684	$ 2,244	$ -	$ 9,540,850	$ -	$ -	$ 9,573,911
Fees and Licenses	-	50,394	-	15,000	-	-	-	-	-	65,394
Miscellaneous	-	276	34	-	-	-	-	-	162	472
Total Cash Collections	**$ -**	**$ 50,803**	**$ 34**	**$ 45,684**	**$ 2,244**	**$ -**	**$ 9,540,850**	**$ -**	**$ 162**	**$ 9,639,777**
Accrual Adjustments	-	(8)	-	1,847	217	-	-	-	-	2,056
Total Custodial Revenue	**$ -**	**$ 50,795**	**$ 34**	**$ 47,531**	**$ 2,461**	**$ -**	**$ 9,540,850**	**$ -**	**$ 162**	**$ 9,641,833**
Disposition of Collections										
Transferred to Federal Agencies										
The Judiciary	-	-	-	-	-	-	(32,980)	-	-	(32,980)
U.S. Department of Agriculture	-	-	-	-	-	-	(85,376)	-	-	(85,376)
U.S. Department of Commerce	-	-	-	-	-	-	(8,565)	-	-	(8,565)
U.S. Department of the Interior	-	-	-	-	-	-	(531,327)	-	-	(531,327)
U.S. Department of Justice	-	-	-	-	-	-	(57,416)	-	-	(57,416)
U.S. Department of Labor	-	-	-	-	-	-	(2,838)	-	-	(2,838)
U.S. Postal Service	-	-	-	-	-	-	(23,001)	-	-	(23,001)
U.S. Department of State	-	-	-	-	-	-	(68)	-	-	(68)
U.S. Department of the Treasury	-	-	-	-	-	-	(1,261,004)	-	-	(1,261,004)
Office of Personnel Management	-	-	-	-	-	-	(6,842)	-	-	(6,842)
Federal Communications Commission	-	-	-	-	-	-	(567)	-	-	(567)
Social Security Administration	-	-	-	-	-	-	(720)	-	-	(720)
Federal Trade Commission	-	-	-	-	-	-	(6,178)	-	-	(6,178)
U.S. Nuclear Regulatory Commission	-	-	-	-	-	-	(1,266)	-	-	(1,266)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(135,737)	-	-	(135,737)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(79)	-	-	(79)
General Services Administration	-	-	-	-	-	-	(3,973)	-	-	(3,973)
National Science Foundation	-	-	-	-	-	-	(2,078)	-	-	(2,078)
Securities and Exchange Commission	-	-	-	-	-	-	(3)	-	-	(3)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(9)	-	-	(9)
National Endowment For the Humanities	-	-	-	-	-	-	(11)	-	-	(11)
Railroad Retirement Board	-	-	-	-	-	-	(156)	-	-	(156)
Consumer Product Safety Commission	-	-	-	-	-	-	(24)	-	-	(24)
Environmental Protection Agency	-	-	-	-	-	-	(563,284)	-	-	(563,284)
U.S. Department of Transportation	-	-	-	-	-	-	(7,494)	-	-	(7,494)
U.S. Department of Homeland Security	-	-	-	-	-	-	(177,966)	-	-	(177,966)
Agency for International Development	-	-	-	-	-	-	(1,542)	-	-	(1,542)
Small Business Administration	-	-	-	-	-	-	(5,875)	-	-	(5,875)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(1,225,960)	-	-	(1,225,960)
National Aeronautics and Space Administration	-	-	-	-	-	-	(1,855)	-	-	(1,855)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,256)	-	-	(1,256)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(82,164)	-	-	(82,164)
U.S. Department of Energy	-	-	-	-	-	-	(1,770)	-	-	(1,770)
U.S. Department of Education	-	-	-	-	-	-	(15,071)	-	-	(15,071)
Commodities Futures Trading Commission	-	-	-	-	-	-	(71)	-	-	(71)
Corporation of National & Community Services	-	-	-	-	-	-	(629)	-	-	(629)
Federal Reserve Board	-	-	-	-	-	-	(4)	-	-	(4)
Treasury General Fund	-	(49,133)	(34)	(45,684)	(2,244)	-	(4,289,235)	-	(162)	(4,386,492)
U.S. Department of Defense	-	-	-	-	-	-	(178,532)	-	-	(178,532)
Transferred to the Public	-	-	-	-	-	-	(396,116)	-	-	(396,116)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	(1,847)	(217)	-	(181,720)	-	-	(183,784)
Refunds and Other Payments	-	(1,662)	-	-	-	-	(7,305)	-	-	(8,967)
Retained by the Reporting Entity	-	-	-	-	-	-	(242,783)	-	-	(242,783)
Total Disposition Of Collections	-	(50,795)	(34)	(47,531)	(2,461)	-	(9,540,850)	-	(162)	(9,641,833)
Net Custodial Activity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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
Total Custodial Revenue										
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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Fraud Reduction Report

In FY 2019, the Department continued its progress in implementing financial and administrative controls established pursuant to the Fraud Reduction and Data Analytics Act of 2015 (FRDA), the fraud risk principle in the Standards for Internal Control in the Government, and OMB Circular A-123 with respect to leading practices for managing fraud risk.[1] In addition, the Department continued its progress in identifying risks and vulnerabilities to fraud and establishing strategies, procedures, and other steps to curb fraud. A summary of the Department's fraud reduction efforts undertaken in FY 2019 follow.

The Department's efforts focused on further developing the fraud reduction framework the Department has been implementing since the enactment of FRDA and developing a Fraud Risk Profile. The Department developed the profile by leveraging information and knowledge gained in previous years and conducting a facilitated session using a collaboration software tool to gather DOJ components' knowledge and insight related to risks and vulnerabilities to fraud, current and planned financial and administrative control activities to mitigate fraud risks, and risk ratings. The efforts to develop the Fraud Risk Profile focused on six key areas:

- human resources (payroll, time and attendance, and awards),
- disbursements (beneficiary payments, purchase cards, and embezzlement),
- grants (grants management, disbursements, and awards),
- acquisitions (large contracts and purchase cards),
- travel (travel cards, requests, and receipts), and
- property (physical and intangible property).

The session increased collaboration and promoted a robust dialogue on existing and emerging fraud risks; strategies, procedures, and other steps to curb fraud; and risk ratings. The session was attended by the Department's Senior Assessment Team or their representatives, which was valuable because of the attendees' detailed insight into their respective component's OMB Circular A-123 assessment as it relates to fraud and assessment of the fraud risk profile principle in the Standards for Internal Control in the Government. Based on the analyses of risks, vulnerabilities, and control activities that occurred to develop the Fraud Risk Profile, the Department identified no instances where immediate action was needed to address high residual risk.

[1] Leading practice materials leveraged included the Chief Financial Officers Council *Antifraud Playbook*, 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, 2019

Under the leadership of the Attorney General, the Department continued its efforts during FY 2019 to reduce its real property footprint and monitor space utilization across the Department. The 2018 actual SF is 47,270,255 compared to the FY 2015 Baseline of 47,362,747, representing a reduction of 92,492 SF. While unique mission related requirements in the pipeline for organizations such as the FBI, USMS, and the EOIR are projected to increase the Department's overall real estate footprint, 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, 2019			
	FY 2015 Baseline	FY 2018	Change
Square Footage (SF in millions)	47,362,747	47,270,255	-0.2%

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

For the Fiscal Year Ended September 30, 2019			
	FY 2015 Reported Cost	FY 2018	Change
Operation and Maintenance Costs ($ in millions)	50,305,398	33,868,093	-32.7%

U.S. Department of Justice
Civil Monetary Penalty Adjustment for Inflation
For the Fiscal Year Ended September 30, 2019

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

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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October 18, 2019

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 2019 report on the 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 reports since 1998. By statute, this report is required to be included in the Department's Agency Financial Report. This year's report identifies eight challenges that we believe represent the most pressing concerns for the Department:

- Managing a Safe, Secure, and Humane Prison System
- Safeguarding National Security and Countering Domestic and International Terrorism
- Protecting the Nation and the Department against Cyber-Related Threats
- Management of Sensitive Investigative Authorities
- Law Enforcement Coordination and Community Engagement
- Administering and Overseeing Contracts and Grants
- Using Performance-Based Management
- Fostering a Diverse, Highly-Skilled Workforce

We believe that managing a safe, secure, and humane prison system is a particular challenge that will garner significant attention in the foreseeable future. Over the last several years, the number of inmates in the Federal Bureau of Prisons (BOP) has declined, so while overcrowding remains a concern, the BOP has an opportunity to address several other issues that can impact both the conditions of confinement for inmates and the work environment for staff. In addition, we identified that enhancing national security and cybersecurity remain key challenges for the Department, particularly given the rising danger of foreign influence operations, which threaten hostile intrusions into the federal government, the American economy, U.S. public discourse, and American elections.

The report also highlights the importance of the Department leveraging diversity and a highly-skilled workforce, as well as using performance-based metrics, to achieve further progress in addressing its most significant challenges. One new challenge identified in this year's report is the need for the Department to effectively manage sensitive investigative authorities, such as the use of confidential sources and surveillance authorized under the Foreign Intelligence Surveillance Act, in a way that safeguards individuals' constitutional and privacy rights and does not undermine public trust and confidence in the Department.

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.

MANAGING A SAFE, SECURE, AND HUMANE PRISON SYSTEM


Source: BOP

Maintaining the safety and security of federal inmates and prison employees remains the overriding challenge for the Federal Bureau of Prisons (BOP). However, the specific aspects of that challenge have evolved. For about 20 years, the BOP was managing operations during a period when the inmate population was consistently and substantially increasing. The total federal prison population was about 40,000 in 1985 and it grew to about 220,000 at its peak in 2013, a roughly 450 percent increase. During that period, the BOP faced significant overcrowding across its institutions. However, over the last several years, the number of federal inmates has declined to roughly 180,000.[1] As a result, while overcrowding and providing appropriate housing for inmates continues to be a challenge at some institutions, several other important issues continue to merit identification as top management and performance challenges for the BOP. These include challenges related to the physical safety and security of inmates and staff, inmate health and welfare, and aging and deteriorating facilities and equipment.

Physical Safety and Security

The BOP faces significant challenges in ensuring the safety and security of prison staff and inmates due to the introduction of contraband into BOP facilities, deficiencies with its security camera system and inmate monitoring, and insufficient staffing.

Contraband. The BOP continues to face challenges preventing contraband, including cell phones, weapons, illegal drugs, and tobacco products, from being introduced into BOP facilities.[2] The OIG is particularly concerned about the challenges to safety and security posed by contraband cell phones. OIG investigations have shown that contraband cell phones in prisons are dangerous weapons. An inmate with a cell phone can carry out criminal activities, including threatening and intimidating witnesses, victims, and BOP staff, and coordinating escape attempts. For example, in 2018, an OIG investigation resulted in a

[1] Recent legislation, such as the passage of the Formerly Incarcerated Reenter Society Transformed Safely Transitioning Every Person Act (First Step Act), and policy actions by the United States Sentencing Commission suggest that this population decline will continue.

[2] Contraband is material prohibited by law, regulation, or policy that can reasonably be expected to cause physical injury or adversely affect the safety, security, or good order of the facility or protection of the public.

BOP inmate being convicted for, among other things, his role in arranging the murder of a BOP correctional officer using a contraband cell phone.

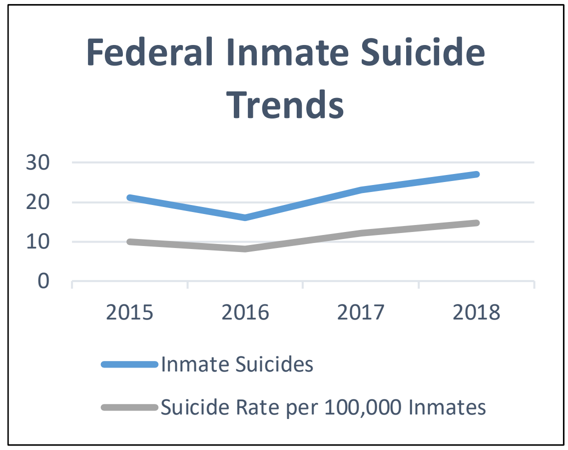
Additionally, the OIG has found that the BOP's attempts to address this challenge are made more complicated by both external and internal threats. External threats include individuals outside of BOP facilities who attempt to smuggle contraband into prisons using drones or the postal system. The BOP has recently experienced an increase in attempts by individuals, acting in concert with persons within the facility, to use drones to drop caches of cell phones and drugs at specifically targeted locations within BOP facilities. In addition, BOP leadership has identified the extensive use of postal mail containing what appears to be innocuous content to introduce synthetic drugs into prisons. OIG audits and evaluations have shown that the BOP has historically struggled to monitor inmates' mail and phone communications effectively, which increases safety risks both within BOP facilities and to the public.

Internal threats, in the form of BOP employees who smuggle contraband into its facilities, further endanger staff and inmates. While only a small fraction of the BOP's approximately 35,000 employees are engaged in introducing contraband, this small group puts both inmates and staff at risk of harm. In 2016, the OIG issued a report on the BOP's policies, procedures, and devices for screening staff, visitors, and inmates for contraband. In the report, the OIG found that the BOP did not effectively implement its staff search policy. Illustrative of the BOP's need for an effectively-implemented staff search policy is a 2019 OIG investigation that found the then chaplain at Federal Correctional Institute (FCI) Berlin in New Hampshire responsible for smuggling significant quantities of contraband, including illegal drugs, cellular telephones, tobacco, and other prohibited items into the prison in exchange for over $52,000 in bribe payments. The now former chaplain was convicted and sentenced to 40 months in prison.

Recently, the BOP has taken steps to address its challenges related to contraband. In 2019, the BOP worked with the National Telecommunications and Information Administration to develop and successfully test micro-jamming devices that can render cellular signals inoperable inside BOP facilities. The BOP should continue its work in this area and assess the feasibility of deploying these devices within BOP facilities. In addition, the BOP should continue its efforts in working with the Federal Aviation Administration to impose flight restrictions over its prisons to thwart drones, and to explore alternatives to the manner in which it handles delivery of postal mail to inmates.

Cameras. In the OIG's 2016 contraband report mentioned above, the OIG found that the BOP's security camera system has known blind spots and poor video quality. Among other things, these video system deficiencies increase the risk of contraband entering BOP facilities. OIG investigations have been hindered, and in some cases, prosecutions of serious crimes within BOP facilities have been precluded because of problems with the BOP's video systems. For example, our 2016 report found that, in multiple instances, the lack of usable BOP video footage was the sole reason that the OIG was unable to investigate allegations that BOP staff and inmates had introduced contraband into a BOP facility. While the security cameras recommendation remains open, the BOP is taking steps to evaluate and upgrade its security camera system.

Inmate Monitoring. In addition to the issues relating to security cameras, the BOP also faces challenges ensuring that its correctional officers monitor inmates at required frequencies and in accordance with policies to protect inmates, including reducing the risk of inmate homicides and suicides. From FY 2015 through July 2019, the BOP has experienced 46 inmate deaths by homicide and 107 inmate deaths by suicide, including the deaths of high-profile inmates, James "Whitey" Bulger and Jeffrey Epstein. Inmate deaths by suicide in BOP facilities have increased from 8.1 per 100,000 federal inmates in FY 2016 to 14.7 per 100,000 inmates in FY 2018. The OIG is currently investigating several recent inmate homicide and suicide deaths, including those of Bulger and Epstein, to assess any systemic issues that they present, and to ensure that BOP staff are conducting consistent and appropriate monitoring of the inmates in BOP custody to ensure their physical safety.



Source: BOP, OIG

Insufficient Staffing. Although as noted above the BOP's prison population has dropped significantly over the past few years, one of the primary challenges the BOP continues to face is hiring the number of correctional officers it needs to ensure that its facilities remain secure. The BOP has over 35,000 employees to provide care and custody for nearly 180,000 inmates, but projects that it will remain nearly 12 percent understaffed through 2020. To address this staffing shortage, the BOP uses augmentation – assigning individuals other than correctional officers, such as teachers or healthcare professionals – to temporarily fill security posts. The OIG remains concerned that because this practice often places program staff into critical security positions, it interferes with the BOP's ability to ensure the safety of its staff and inmates, as well as its ability to provide inmate programs.

Inmate Welfare

Healthcare staff and contractors, correctional officers, and reentry services workers all have key roles in ensuring inmate welfare. Yet, staffing prisons with qualified healthcare workers is a challenge for the BOP. BOP medical contracts have also led to costs above the Medicare rate and the BOP's health records system makes it difficult for management to assess costs and for investigators to detect fraud.

A 2017 OIG Procedural Reform Recommendation identified that the BOP failed to maintain data of inmate health records electronically and failed to hold its claims adjudication vendor accountable for not performing all contractually required services, including fraud monitoring. The OIG recommended that the BOP require all of its Comprehensive Medical Services contractors to submit electronic claims, ensure those claims are properly analyzed and maintained by the 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. This recommendation remains open.

Healthcare. As discussed in more detail in the *Fostering a Diverse, Highly-Skilled Workforce* section, the BOP faces difficulties in staffing its healthcare provider positions. Nationwide provider shortages, the BOP's inability to provide competitive compensation to providers, and the BOP's rural facility locations each contribute to these difficulties. In addition to the problems of recruiting and retaining qualified healthcare professionals, providing adequate healthcare to inmates remains a challenge for the BOP. As detailed in recent OIG reports, certain characteristics of the BOP's population heighten the challenge of providing proper care for inmates, including aging inmates, inmates with chronic illnesses, and inmates with mental health issues.

The BOP also faces substantial challenges in fulfilling its responsibility to provide inmate health services in an efficient, cost-effective manner. For example, the OIG has found that the BOP has not fully utilized regulatory and legislative tools to help reduce costs while providing adequate care, and has not provided proper administrative oversight for its healthcare functions. In addition to the problem identified in the text box, the OIG issued a 2016 report that found the BOP paid at least $100 million more than the Medicare rate for outside medical care in FY 2014. More recently, a 2019 OIG audit found improper medical payments and a lack of proper approval for pricing in a comprehensive medical services contract.

Reentry Programming. Recidivism reduction remains a major challenge for the Department. A 2016 U.S. Sentencing Commission report found that nearly half of federal offenders released in 2005 were re-arrested within 8 years. Effective reentry programming is an important tool for the BOP to decrease recidivism, and the BOP's FY 2020 budget request calls for $754 million for reentry programming. However, the BOP does not measure the effectiveness of its reentry programs. For example, in a 2016 report on the BOP's Release Preparation Program (RPP), the OIG found that although one of the RPP's objectives is to reduce inmate recidivism, the BOP had no performance metrics to gauge the RPP's impact on recidivism and did not make any attempt to link RPP efforts to recidivism. In addition, in a 2016 report on the BOP's use of Residential Reentry Centers (RRC), the OIG found that the BOP did not have performance measures that evaluate the efficacy of its RRC and home confinement programming, nor did the BOP have procedures in place that adequately assessed the quality of services provided by RRC contractors. In response to the audit, the BOP developed performance measures to evaluate the efficacy of its RRC program and contractors. However, OIG audits and evaluations of BOP programs have repeatedly identified concerns related to the lack of performance measures that evaluate the efficacy of the programs being reviewed. In this and other contexts, the OIG has urged the Department to use a performance-based management approach to assess the efficacy of its programs. More information on the importance of using performance data to inform Department decision making can be found in the *Performance-Based Management* section of this report.

Infrastructure Issues

The BOP also faces challenges maintaining its aging facilities and equipment. In its FY 2020 Congressional Budget Submission, the BOP notes that many of its facilities and much of its systems/equipment (water, sewer, electrical, and heating/air conditioning) are aged and overused, which causes extensive wear and tear as well as premature deterioration. Our recent work has revealed that even when the BOP is aware of an infrastructure challenge, it does not take timely action to resolve the challenge. For example, in September 2019, the OIG released a review and inspection examining Metropolitan Detention Center (MDC) Brooklyn facilities issues and related impacts on inmates and found that the BOP had been aware of unresolved heating and cooling issues at the facility since at least 2014. Specifically, we found that temperatures in certain housing units dropped below the BOP target temperature of 68 degrees on multiple occasions in January, February, and March 2019. At other times, the temperatures exceeded 80 degrees.

In addition, in its 2015 report on the impact of an aging inmate population on the BOP, the OIG found that the physical infrastructure of BOP institutions cannot adequately house aging inmates. Aging inmates often require lower bunks or handicapped-accessible cells, but overcrowding throughout the BOP system limits these types of living spaces. Aging inmates with limited mobility also encounter difficulties navigating institutions without elevators and with narrow sidewalks or uneven terrain. In the report, the OIG recommended that the BOP study the feasibility of creating units, institutions, or other structures specifically for aging inmates in those institutions with high concentrations of aging inmates. This recommendation remains open.

The OIG is conducting several reviews to assist the BOP in addressing these and other challenges, including reviews of the BOP’s policies, procedures, and practices for monitoring communications of inmates with known or suspected ties to domestic and foreign terrorism and its efforts to prevent further radicalization among its inmate population; the BOP’s pharmaceutical drug costs for inmates; the BOP's efforts to address inmate-on-staff sexual misconduct; and the DOJ’s efforts to protect BOP institutions against the contraband and security threats posed by drones.

SAFEGUARDING NATIONAL SECURITY AND COUNTERING DOMESTIC AND INTERNATIONAL TERRORISM

Enhancing national security and countering terrorism remain top priorities for the Department. In FY 2019, the Federal Bureau of Investigation (FBI) received $5.5 billion to prevent, disrupt, and defeat terrorist operations, prevent and neutralize weapons of mass destruction threats, address cyber threat actors, coordinate counterintelligence activities, facilitate the rapid response to crisis events, and collect intelligence to understand national security and criminal threats. As national security threats continuously change and evolve, so, too, must the Department's approach to combatting those threats. National Security issues relating to *Cybersecurity* and the *Management of Sensitive Investigative Authorities* are discussed in separate challenges below.

Disrupting and Defeating Terrorist Operations

The Department faces challenges in its attempts to disrupt and defeat terrorist operations. According to the FBI, the greatest threat to the Homeland is posed by lone actors, which include homegrown violent extremists (HVEs)—who are inspired by, but not directed by, foreign terrorist organizations (FTOs)—and domestic violent extremists. FTOs, such as the Islamic State of Iraq and ash-Sham (ISIS), also pose a significant threat to U.S. interests at home and abroad.

Both FTOs and lone actors are adept at using the Internet and social media to spread their ideology and attract like-minded extremists. The FBI continues to identify individuals who seek to join the ranks of foreign fighters traveling in support of ISIS, as well as HVEs and domestic violent extremists who aspire to attack the U.S. from within. In its FY 2020 Congressional Budget Submission, the FBI notes that countering the threat of violent extremism is especially challenging for law enforcement because it is difficult to distinguish violent rhetoric from terrorist intent. The OIG is auditing the FBI's efforts to identify HVEs through its counterterrorism assessment process. This audit includes an evaluation of the FBI's coordination with relevant components and its policies and processes to identify and assess HVE threats, as well as a review of the FBI's HVE casework and resource management. The OIG is also conducting an audit of the BOP's counterterrorism efforts. This ongoing work entails a review of the BOP's policies, procedures, and practices for monitoring communications of inmates with known or suspected ties to domestic and foreign terrorism and its efforts to prevent further radicalization among its inmate population.

In FY 2019, the FBI saw an increase in the threat posed by domestic terrorists, which the FBI defines as individuals who commit violent criminal acts in furtherance of ideological goals stemming from domestic influences, such as political, religious, social, racial, or environmental issues. As required by the Attorney General's Guidelines applicable to FBI Domestic Operations, and as the OIG has long noted, the FBI cannot and must not initiate investigations or collect or maintain information based solely on activities protected by the

First Amendment.[3] However, in both the international terrorism and the domestic terrorism realms, distinguishing between First Amendment-protected speech and criminal activity may be particularly difficult in the context of online content or social media posts promoting violence or terrorism.

Counterintelligence and Counterespionage

Preventing and thwarting efforts by our adversaries to collect intelligence information, gather trade secrets, and impact American elections are essential to our national security and remain challenges for the Department. FBI Director Christopher Wray explained in a July 2019 statement before the Senate Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies, "[f]oreign intelligence services not only seek our nation's state and military secrets, but they also target commercial trade secrets, research and development, and intellectual property, as well as insider information from the federal government, U.S. corporations, and American universities." The nation faces a persistent threat from hostile foreign intelligence services, both through the activities of career foreign intelligence officers and ordinary people, such as students, researchers, or businesspeople operating front companies, who work on behalf of those services. Foreign intelligence services continue to employ increasingly creative and sophisticated methods to steal innovative technology, critical research and development data, and intellectual property in order to erode America's economic leading edge. The FBI must continue its efforts to deter and detect such intrusions and keep pace with the volume and complexity of the methods in its efforts to protect our national security.

Foreign influence operations, which include covert actions by foreign governments to influence U.S. political sentiment or public discourse, also pose a significant national security threat. In addition to using methods like targeting U.S. officials and other U.S. persons through traditional intelligence tradecraft, foreign actors can also use the Internet, social media platforms, and other technology to spread disinformation and escalate divisive issues. We discuss the election security threats the FBI faces, which it must address to effectively defend against future foreign interference in our nation's democratic process, in the *Cybersecurity* section below.

Combatting Insider Threats and Unauthorized Disclosures

To protect itself against insider threats and potential leaks of classified information, the Department must take steps to effectively screen and train personnel, respond appropriately to warning signs, keep pace with evolving technologies, and monitor workplace computer activity. Unauthorized disclosure of classified information can occur either intentionally or unintentionally, both of which present serious national security concerns. As technology advances and encrypted communication options grow, hostile

[3] *See, e.g., A Review of the FBI's Investigations of Certain Advocacy Groups,* September 2010, https://oig.justice.gov/special/s1009r.pdf.

actors with access to sensitive information within an organization by virtue of their employment, as well as those who obtain such information by exploiting vulnerabilities in the organizations' personnel and information systems, will be capable of quickly and broadly disseminating classified government information before being detected. In a 2018 OIG report, we identified instances in which FBI employees, unable to pass multiple polygraph examinations, were allowed to retain access to sensitive information, systems, and spaces for extended periods of time without required risk assessments — potentially posing a security risk to the FBI. Further, a 2017 OIG report found that the FBI could improve its program for deterring, detecting and mitigating malicious insider threats, by ensuring that leads and referrals concerning insider threats are handled in a more systematic way.

To assist the Department in addressing its challenges related to national security, the OIG is conducting audits of the FBI's oversight of national security-related undercover operations; the BOP's counterterrorism efforts; and the FBI's efforts to identify homegrown violent extremists.

PROTECTING THE NATION AND THE DEPARTMENT AGAINST CYBER-RELATED THREATS

Cyber-related threats have the potential to adversely impact elections, the economy, and national security. As both a law enforcement agency and an agency that contains Intelligence Community elements, the Department has an integral role in protecting the nation against these threats. The Department serves as both the lead federal agency in investigating and prosecuting cybercrime and as one of the agencies responsible for warning state and local officials about cyber threats to the nation's election infrastructure. In addition, as a repository of national security information, law enforcement sensitive information, and other sensitive information, the Department must ensure that its own information systems are secure.

Investigating and Prosecuting Cybercrime and Other Crimes Facilitated Through Encryption Technologies

The Department faces challenges in investigating and prosecuting cybercrime, including activity on the "dark web," and in accessing or obtaining intelligible information in a form it can use due to the use of end-to-end encryption, also known as "lawful access."

The Dark Web. The investigation and prosecution of illegal activity on the "dark web" continue to be significant challenges for the Department. The dark web, or DarkNet, refers to a part of the Internet that is purposefully hidden, meaning that it has been designed specifically for anonymity. Users access the DarkNet with software that allows them to hide their true location and identity. Substantial illegal activity occurs on the dark web as offenders use the anonymity of this global platform to engage in serious transnational crimes, including the sexual exploitation of children, arms trafficking, identity theft, and narcotics trafficking. Despite these ongoing challenges, the Department has had some recent success investigating DarkNet crime that highlighted the importance of working cooperatively with other federal agencies and foreign law enforcement counterparts. To assist the Department in addressing this challenge, the OIG is currently examining the FBI's implementation of its dark web strategy and efforts to disrupt illegal activities.

Lawful Access.[4] The Department also faces challenges in investigating and prosecuting criminal activity facilitated through encrypted communications, including cybercrime. Many communications services and technologies are deploying end-to-end encryption with no lawful access solution. As a result, law enforcement agencies may not be able to access information about ongoing criminal activity or national security threats, even with a court order, because the information can only be decrypted by the end user. When reviewing its strategic objectives, the Department found that if it is unable to lawfully obtain evidence of criminal offenses and information concerning potential terrorist attacks due to end-to-end encryption, its ability to conduct criminal and national security investigations is hampered and the risk to public safety is increased. To address this challenge, the Department is considering a number of potential options, including the continued engagement with technical experts to seek access to encryption messaging platforms as well as the continued development and improvement of procedures for the increased use and deployment of sensitive investigative technologies. As the use of increasingly sensitive and intrusive techniques is required to overcome the lawful access challenge, the Department will need to take steps to ensure that its activities comply with all applicable laws, policies, and procedures.

Source: FBI

Election Security

The investigation and prosecution of cybercriminals are significant parts of the Department's effort to combat election interference. The Department is also responsible for working with state and local governments to ensure that the nation's election infrastructure is safe from cyberattack. The Department faces challenges in effectively coordinating with state and local governments to enhance election security, including challenges in providing sufficient cyber threat-related information to state and local governments. As noted in Volume I of the bipartisan Senate Select Committee on Intelligence (SSCI) Report on Russian Active Measures Campaign and Interference in the 2016 U.S. Election, the U.S. intelligence apparatus is designed to be foreign-facing, with limited domestic cybersecurity authorities except in specific instances, such as the FBI's ability to work with state election officials, who have primacy in running elections. The report found that, from 2014 and through 2017, Russian efforts exploited the seams between federal authorities and capabilities, and protections for the states to direct extensive activity against U.S. election infrastructure at the state and local level. Although the FBI provided actionable cyber threat warnings to the states in the late summer and fall

[4] In previous Top Management and Performance Challenges reports, this challenge was referred to as "going dark."

of 2016, the SSCI report found that the warnings did not provide sufficient differentiation between warnings specific to election infrastructure and other warnings issued by the FBI.

Ensuring the Security of Department Information Technology Systems

In addition to preventing and detecting insider threats as it relates to *National Security*, the Department also faces challenges protecting its information systems against internal and external threats more generally. To protect against these threats, federal law and policies require agencies to take a risk-based approach to cybersecurity by effectively identifying, prioritizing, and managing their cyber risks. Each year, the OIG assesses the effectiveness of the Department's information security program and practices, as required by the Federal Information Security Modernization Act (FISMA). Each evaluation must include: (1) testing the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems; (2) an assessment (based on the results of the testing) of compliance with FISMA; and (3) separate representations, as appropriate, regarding information security related to national security systems. For FY 2018, the OIG found deficiencies in the IT security of several critical Department components, including United States Attorney's Offices, the Criminal Division, and the FBI. The OIG made several recommendations to improve the information security programs within these and other components.

The OIG is continuing to conduct oversight work in the area of cybersecurity, including its annual FISMA audits and its assessment of the Department's implementation of the Cybersecurity Information Sharing Act of 2015 (CISA), which is being conducted jointly with the Inspectors General of the Departments of Commerce, Defense, Energy, Homeland Security, Justice, Treasury, and the Intelligence Community.

MANAGEMENT OF SENSITIVE INVESTIGATIVE AUTHORITIES

The Department is empowered to use certain sensitive investigative tools, such as confidential sources, bulk data collection, and conducting surveillance pursuant to a court order under the Foreign Intelligence Surveillance Act (FISA). These tools pose risks if they are employed without adequate management and oversight. Recent and past OIG reviews have found that the Department faces challenges in using these sensitive authorities consistent with its policies, and in a manner that safeguards individuals' statutory and constitutional privacy rights. The actual or perceived misuse of such authorities can undermine the public's trust and confidence in the Department, impact the Department's standing with the judiciary, threaten the success of prosecutions, and lead to the amendment or revocation of certain authorities.

Confidential Sources

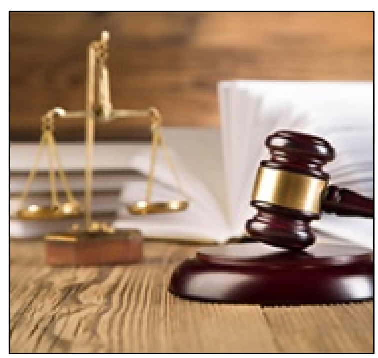
Confidential sources serve as important investigative resources, but their management and oversight is a challenge for the Department because the sources most often have mixed motives, including their own self-interest, for cooperating with law enforcement; this can affect their reliability. The OIG has found over the course of several audits that the Department's management and oversight of confidential source programs has been inadequate. In audits issued in 2015 and 2016, the OIG found that the Drug Enforcement Administration's (DEA) confidential source program had insufficient management, controls, and oversight, lacked adequate governing policies, and did not adequately provide for the ability to evaluate source reliability. Additionally, in 2017, we found that DEA agents did not fully account for the risks associated with using and paying certain confidential sources and maintained poor documentation of source authorization, activity, and payments. For example, DEA policy prohibits paying sources who were deactivated because of an arrest warrant or for committing a serious offense, yet the OIG found that the DEA had paid about $9.4 million to more than 800 previously-deactivated sources between FYs 2011 and 2015. In the OIG's 2017 audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) use of confidential sources, we also identified serious concerns, such as an insufficient review and approval process for higher-risk confidential sources who require additional oversight, and the agency's inability to efficiently identify and track total payments made to individual confidential sources. The OIG found there was a significant need for greater oversight and improved documentation to prevent such problems. Since the issuance of the above reports, the DEA and ATF have taken actions to address most of the OIG's findings and recommendations. The Department must remain vigilant in its use and management of human sources to appropriately account for the risks associated with this sensitive law enforcement tool. The OIG is currently conducting an audit of the FBI's confidential human source program, with the report expected to be released during November 2019.

Bulk Data Collection and Other Privacy-Related Issues

The Department also faces challenges balancing the need to collect and exploit large amounts of data with the need to protect individual privacy rights. For example, in the OIG's 2019 review of the DEA's use of administrative subpoenas to collect or exploit bulk data from telecommunications service providers and other vendors, we found it troubling that the DEA proceeded with three such programs without sufficient legal analysis of its limited, drug-related administrative subpoena authority, which was applied expansively in two programs, and failed to have adequate procedural safeguards for these two programs. The DEA collected tens of thousands of records in one program without developing a plan for the disposition or retention of the data, which created a risk that information about individuals unconnected to illegal activity would be retained by the DEA for an indefinite time period.

In another example, the Government Accountability Office (GAO) examined the FBI's use of automated face recognition technology and made several recommendations to help ensure accuracy, improve transparency with the public, and safeguard the privacy of individuals whose photos are in the FBI's and external partners' systems. The FBI has taken actions to address and close four of the GAO's six recommendations regarding the FBI's use of face recognition technology and is taking steps to address the remaining two recommendations. However, as the exploitation of bulk data becomes increasingly necessary to the FBI's operational activities, it is imperative that the FBI continues its efforts to protect the privacy rights of the individuals whose data is collected.

The Foreign Intelligence Surveillance Act



Source: ATF

The Department faces challenges appropriately implementing its authorities under section 702 of the Foreign Intelligence Surveillance Act (FISA). In a declassified Foreign Intelligence Surveillance Court (FISC) opinion from October 2018, which was upheld in part by a July 2019 opinion from the Foreign Intelligence Surveillance Court of Review, the FISC noted that, since April 2017, the government has reported a large number of FBI queries that were not reasonably likely to return foreign-intelligence information or evidence of a crime, despite FBI procedures requiring that each query of FBI systems containing certain FISA information must be "reasonably likely to retrieve foreign intelligence information" or evidence of a crime unless otherwise specifically excepted. Further, the Court noted that in a number of cases, a single improper decision or assessment resulted in the use of query terms corresponding to a large number of individuals, including U.S. persons. In addition to these issues described by the FISC with implementation of FISA section 702 authorities, the OIG is separately examining the Department's and the FBI's compliance with legal requirements, and with applicable DOJ and FBI policies and procedures, in applications filed with the FISC to conduct FISA surveillance of a certain U.S. person.

Proactive risk management and consistent oversight concerning all sensitive authorities are essential to the continued use of these important investigative tools. For example, the Department has responded thoughtfully and appropriately to past OIG reviews finding issues with the management of sensitive investigative authorities. In 2007 through 2016, the OIG issued eight reports regarding the FBI's use of National Security Letters and USA PATRIOT Act section 215 authorities. Corrective action taken by the FBI as a result of the OIG's recommendations substantially enhanced oversight of the use of these investigative tools and reduced the risk of their misuse. In order to effectively address this challenge, the Department must enhance the oversight of its use of sensitive authorities and proactively address issues that it identifies.

To assist the Department with its efforts, the OIG will continue its oversight of these authorities. The OIG's ongoing work in this area includes audits of the DEA's income generating undercover operations program, the FBI's covert contracting activities, and the FBI's national security undercover operations, and as noted above, the FBI's confidential human source program.

LAW ENFORCEMENT COORDINATION AND COMMUNITY ENGAGEMENT

The Department's top law enforcement priorities, which include combatting the opioid crisis, reducing violent crime, and investigating cross-border criminal activity, are most effectively addressed through cooperation among federal agencies, partnerships with state, local, and tribal law enforcement agencies, and engagement with impacted communities. Below, we detail some of the challenges the Department faces in addressing these law enforcement priorities.

Combatting the Opioid Crisis

The current opioid crisis is one of the worst drug epidemics in U.S. history. According to the Centers for Disease Control and Prevention (CDC), in 2017 the United States experienced 70,237 overdose deaths, of which 47,600 (67.8 percent) involved an opioid, averaging 130 opioid overdose deaths each day. Although the Department has created several programs and initiatives specifically designed to combat the opioid crisis, it still faces challenges in stopping the diversion of pharmaceutical opioids to unauthorized users and in assisting communities negatively impacted by the crisis.[5]

Preventing Diversion. In its September 2019 report examining the DEA's regulatory and enforcement efforts to control the diversion of opioids, the OIG found the DEA was slow to respond to the significant rise in the use and diversion of opioids since the early 2000s. Specifically, the DEA authorized a 400 percent increase in oxycodone production between 2002 and 2013, and it was not until 2017 that the DEA significantly reduced the oxycodone production quota, by 25 percent. To assist the DEA in preventing a similar health care crisis from occurring in the future, the OIG recommended that the DEA revive a drug abuse warning network to identify emerging drug abuse trends and new drug analogues and respond to these threats in a timely manner.

We also found that DEA policies and regulations did not adequately hold registrants accountable or prevent the diversion of pharmaceutical opioids. Our report recommended that the DEA require criminal background investigations of all new registrant applicants; that the DEA take steps to ensure that DEA diversion control personnel responsible for adjudicating registrant reapplications are fully informed of applicants' history; and that field division work plan requirements allow the flexibility to target registrants for investigation.

[5] The DEA is responsible for ensuring that all controlled substance transactions take place within the closed system of distribution established by Congress under Titles II and III of the Controlled Substances Act of 1970. When controlled substance transactions fall outside the closed system of distribution, the activity constitutes diversion.

Further, we found that the DEA does not adequately collect, maintain, or analyze data in order to identify trends in the use of controlled substances. Specifically, the DEA does not track ordering patterns for all pharmaceuticals, which could enable the diversion of these prescription drugs and compromise public safety. The OIG recommended that the DEA implement electronic prescribing for all controlled substance prescriptions, and that it develop a national prescription opioid enforcement strategy that encompasses the work of all DEA field divisions tasked with combating the diversion of controlled substances, and establish performance metrics to measure the strategy's progress. In addition, we found that the DEA's electronic system to collect suspicious orders was incomplete – it contained reports from only eight of the approximately 1,400 registered manufacturers and distributors that are required by federal law to send such reports to the DEA. The OIG recommended that DEA require that all suspicious order reports be sent to DEA headquarters.

Assisting Affected Communities. In FY 2019, the Department awarded $320 million in grants to combat the opioid crisis. Much of this grant funding was awarded through grant programs that provide financial and technical assistance to state, local, and tribal governments to identify, treat, and support individuals impacted by the opioid crisis, such as the Opioid-Affected Youth Initiative and the Comprehensive Opioid Abuse Site-based Program. However, as discussed below in the *Grants* section, the Department faces challenges in administering and overseeing grants, including in documenting progress towards the achievement of grant goals. The OIG is conducting an audit of the DEA's community-based efforts to combat the opioid crisis. Among other things, we are examining the DEA's efforts to sustain progress in the communities it assists, the DEA's integration of a performance measurement strategy to enhance its community-based efforts, and its collaboration with other agencies in combatting the opioid crisis.

While the Department and the DEA are taking steps to address the opioid epidemic, including increasing enforcement staffing and enforcement actions, and working more closely with communities and federal and state partners, challenges still remain.[6]

[6] For example, the Department assigned more than 300 federal prosecutors to U.S. Attorneys' offices (many of which are assigned to work opioid cases), hired more than 400 DEA task force officers, announced the formation of Operation Synthetic Opioid Surge to reduce the supply of deadly synthetic opioids in counties with high rates of synthetic opioid overdose deaths, announced the creation of the Appalachian Regional Prescription Opioid Strike Force to target doctors and pharmacies illegally distributing prescription opioids in nine districts, created a new initiative called the Opioid Fraud and Abuse Detection Unit to provide data analytics to all U.S. Attorneys' Offices for targeting the illegal distribution of opioids by healthcare professionals, and funded Opioid Fraud and Abuse Detection prosecutors in 11 "hot spot districts."

Reducing Violent Crime

Ensuring the safety of our communities by reducing violent crime continues to be a critical challenge area for the Department. In order to address this challenge area, the Department must maintain effective partnerships with other federal, state, local, and tribal law enforcement agencies, and ensure that it shares information effectively with these stakeholders. To assist the Department, the OIG is reviewing the Department's strategic planning and accountability measures for 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 experiencing significant increases in homicides and gun violence.

In 2017, the OIG issued a review of the Tribal Law Enforcement Efforts pursuant to the Tribal Law and Order Act of 2010 (TLOA) that requires the Department to provide legal and investigative assistance to tribes. The OIG found that the Department has taken some steps to carry out TLOA's mandates, but challenges still remain.

Preventing the illegal trafficking of firearms is an element of the Department's strategy to reduce violent crime. To that end, ATF develops and disseminates actionable crime gun intelligence through the Crime Gun Intelligence Centers (CGIC) across the country. The CGIC uses crime gun data from ATF's National Integrated Ballistics Information Network (NIBIN), firearms tracing, and industry inspections to generate actionable intelligence leads for federal, state, and local law enforcement. A 2019 OIG review found that ATF's Frontline business model initiative, enacted in 2013, expanded intelligence-gathering abilities of CGICs; however, policies and guidance have not kept up with the CGIC's evolving role, and outdated guidance may limit the development of individual CGICs. The OIG also found that ATF could improve promotion of the use of NIBIN and firearms tracing to its external partners to increase actionable intelligence. The OIG made several recommendations to improve the effectiveness of the Frontline business model initiative overall, including the positive impact that CGICs and the NIBIN can make on public safety.

Investigating Cross-Border Criminal Activity

Effective cooperation between the Department and Department of Homeland Security (DHS) components, such as Immigration and Customs Enforcement (ICE), is critical to the Department's ability to investigate crimes along the Southwest border. Despite this fact, coordination with ICE on investigations of cross-border criminal activity has been an ongoing challenge for the Department. In its September 2012 review of ATF's Operation Fast and Furious, the OIG found that ATF resisted efforts by ICE to conduct independent or coordinated investigations involving gun trafficking to Mexico. More recently, in a July 2019 joint review with the DHS OIG regarding cooperation between the FBI and ICE's Homeland Security Investigations (HSI) involving criminal activity at the nation's Southwest border, we found that over one-third of special agents who responded to our survey reported cooperation failures between the FBI and HSI. Specifically, we found that lack of cooperation between the FBI and HSI resulted in negative impacts, including lost trust in the other agency or its personnel, unnecessary use of resources, failure to gather evidence, or failure to apprehend a target. To assist the Department in accomplishing its strategic objectives in this critical law enforcement priority area, the OIG made a number of recommendations designed to improve cooperation between FBI and HSI along the Southwest border. These recommendations included developing written, agency-specific deconfliction guidelines; increasing awareness among FBI and HSI agents of each agency's mission, statutory authorities, and criminal investigative priorities; instituting an interagency Memorandum of Understanding for investigative interactions; and resolving unclear jurisdictional areas.

The OIG has two ongoing reviews related to the Department's immigration enforcement efforts: (1) a review of the Department's planning and implementation of its Zero Tolerance Policy relating to prosecution of persons for entering the U.S. illegally in Southwest border jurisdictions; and (2) a review of actions taken by the Department, including the Executive Office of Immigration Review and the BOP, to expand the Institutional Hearing and Removal Program a joint DOJ/DHS program that identifies potentially deportable foreign born inmates in federal, state, and local prisons and begins removal proceedings against those inmates.

ADMINISTERING AND OVERSEEING CONTRACTS AND GRANTS

In FY 2018, the Department obligated over $8.1 billion in contracts and awarded approximately $5.5 billion in grants. Although the Department has made some recent improvements to its administration and oversight of contracts and grants, we identified continued deficiencies in these areas, which present significant fraud and mismanagement risks.

Contract Administration and Oversight

The Department faces challenges in effective contract administration and oversight. Through our audit work, the OIG has identified certain recurring issues, indicating that Department components need to be more attentive in the following areas.

Compliance with the Federal Acquisition Regulation (FAR). The purpose of the FAR is to ensure that standard, consistent processes are used by executive agencies to procure goods and services in a fair and cost-effective manner. Over numerous contract audits, the OIG has identified FAR compliance problems, such as those described below, that have resulted in inefficient and unauthorized expenditure of taxpayer dollars. The OIG has consistently identified these issues in connection with specific contract audits, and recommended that the Department take steps to enhance awareness of FAR requirements and ensure that components are adhering to them. While the Department has taken actions to address many of the findings and recommendations in the specific OIG reports referenced below, the OIG continues to make similar findings and recommendations in its contract audits. As a result, the OIG remains concerned that there are systemic issues that the Department must evaluate and correct in order to improve its FAR compliance.

- Inadequate Documentation. The OIG has found multiple instances of lack of required documentation, ranging from inadequate contract files concerning the FBI's market research regarding fair and reasonable pricing in the 2017 OIG audit of an aviation contract to the absence of required documentation supporting the BOP's decision to award a dental services contract in another 2017 audit. In addition, the FAR requires agencies to document a justification for the use of contract types other than firm-fixed-price (FFP) because FFP contracts place responsibility for cost control and performance on the contractor. The FAR further urges agencies to continually re-evaluate whether non-FFP contracts can be transitioned to FFP or other lower risk contracts over time as experience provides a basis for firmer pricing. Yet, the OIG found that the DEA did not comply with these requirements in a 2018 audit of an aviation support contract. The OIG found similar non-compliance by the United States Marshals Service (USMS) in a 2018 audit of a court security officer procurement contract.

- Sole-Source Justifications. Because the FAR generally promotes full and open competition, written, certified, and agency-approved justification is required before negotiations can begin on a sole-source contract.[7] We have found that Department components do not consistently follow these regulations. For example, in a 2017 audit of a USMS sole-source contract awarded for detention services, we found that the sole source justification did not include all of the written support required by the FAR, which made it difficult to determine whether the decision to limit competition was appropriate. In addition, in a 2019 audit of a BOP sole-source contract for perimeter security upgrades at a U.S. Penitentiary, BOP officials acknowledged that other companies existed that may have been able to install the same fence, potentially at a lower cost. Given the substantial monetary value of the Department's contracts, it is essential that they are subject to competition to ensure value for taxpayers, or if a sole-source contract is warranted, that justification for it is documented and approved in accordance with FAR requirements.

Source: DOJ

- Prohibition on Personal Services Contracts. Several of our recent audits have revealed that current practices in the Department are potentially placing some contractor employees in a personal service role, exceeding the Department's statutory authority for those contracts. For example, an April 2018 OIG audit recommended training at the DEA to address this problem, and an October 2018 OIG audit recommended more robust procedures and policies at the Justice Management Division (JMD) to address it; the recommendations concerning personal services contracts have Department-wide applicability.

- Labor Law Compliance Concerns. The FAR requires that other applicable laws and statutes, such as labor laws, be followed. Nevertheless, the OIG has completed several audits where wage and fringe benefit rates for contract workers were not properly included in the contracts, as required under the Service Contract Labor Standards (SCLS), a federal labor regulation. We have also found contractors not meeting their obligations to employees or improperly classifying their employees as independent contractors and thus avoiding their obligations under federal labor laws or regulations. In addition, our audits have revealed multiple instances where contractors received price adjustments that were not warranted or exceeded the allowable increases for wages or fringe benefits. For example, in a 2017 audit, the OIG found that the USMS

[7] A sole-source contract is a contract for supplies or services that is proposed or entered into by an agency after soliciting and negotiating with only one source.

inappropriately approved a contract price adjustment that the contractor was not eligible to request and, as a result, the USMS paid the contractor a significant amount in unallowable costs.

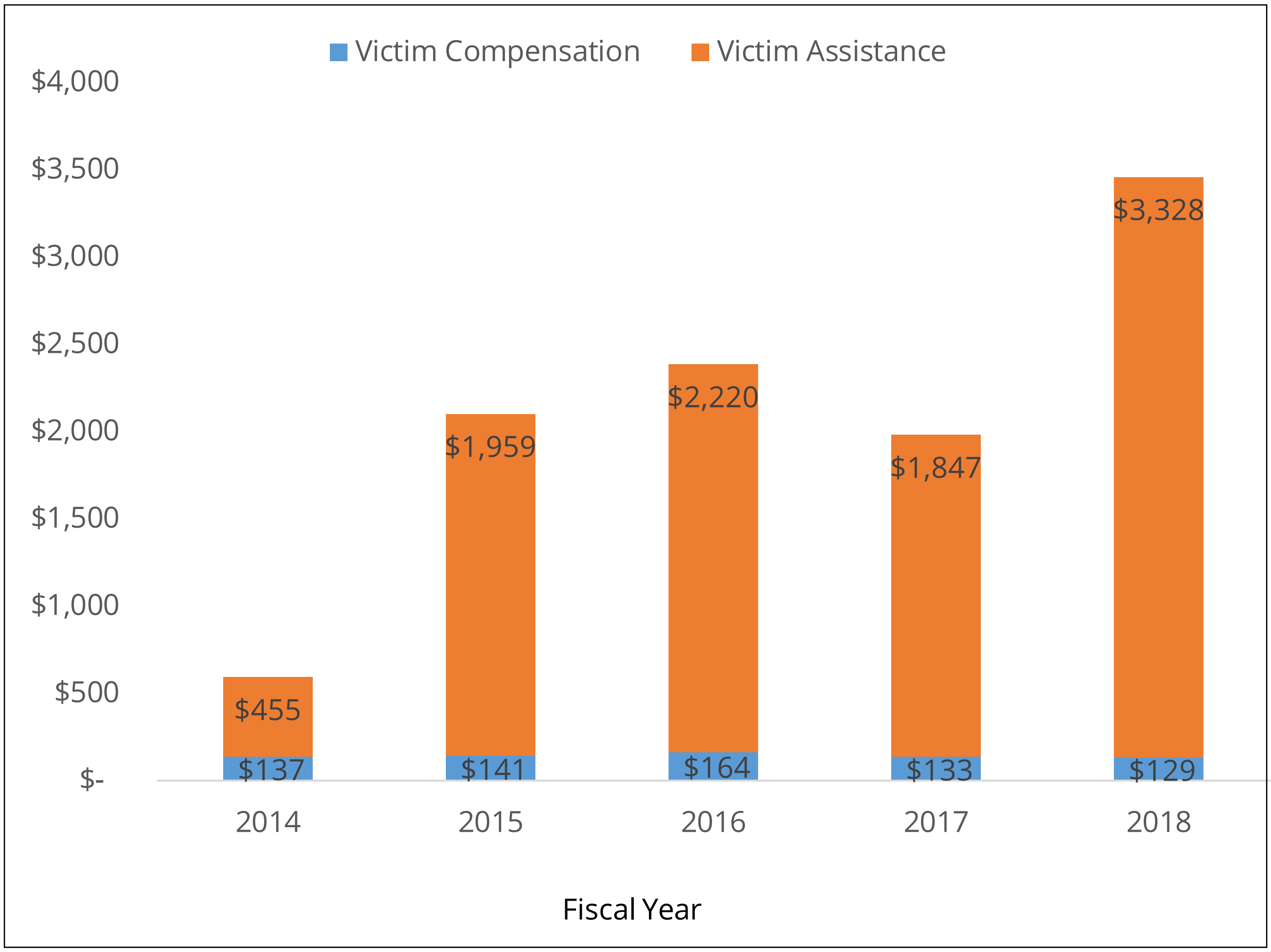
Contract Planning and Drafting. In our contract audit work, the OIG has found repeated instances of contract documents with unclear or poorly-defined requirements, which impeded the Department's contract administration. For example, a 2018 audit of a sole-source contract found that the BOP did not adequately plan for its construction project prior to awarding the contract. The BOP did not consult with subject matter experts on the needs of the prison, such as programming, food services, and health services, until after the contract was awarded, which led to a failure to include detailed construction requirements related to those needs in the contract's applicable conditions section, despite concerns from the Warden. The BOP's failure to anticipate significant problems with its plan caused it to pay over $1.7 million of taxpayer money to construct a building that was ultimately unnecessary. In addition, a 2018 audit of a DEA linguist services contract found the DEA had poorly defined contract requirements, which contributed to performance deficiencies.

Grant Administration and Oversight

Recent OIG grant audits have identified systemic grant administration and oversight challenges for the Department and its grantees, including in grant monitoring, controls over funds, documentation of progress towards achievement of grant goals, and compliance with award conditions. Specific areas of concern include the Department's challenges in managing awards made from the Crime Victims Fund (CVF); administering its non-CVF grant awards effectively; and monitoring grants to ensure safety of Department grant program participants.

Crime Victims Fund (CVF). In FY 2015, Congress more than tripled the amount of CVF funds available for distribution by the Department to support victims. As shown below, awards for CVF victim assistance and compensation programs rose from nearly $600 million to $2.1 billion in FY 2015. By FY 2018, awards for these programs totaled nearly $3.5 billion. The OIG has received $10 million from the CVF each year since 2015 to conduct oversight of the Department's awards for victims and victim services. As a result, the OIG has conducted numerous audits of CVF grant recipients. The Office of Justice Programs (OJP) awards the bulk of CVF grant funds to states and territories. We have observed several recurring issues that warrant the Department's attention to ensure proper administration and oversight of this substantial grant award program.

CVF Assistance and Compensation Grant Totals, in Millions
FYs 2014-2018



Source: OJP, OIG

For example, a 2019 OIG report on OJP's efforts to address challenges in administering CVF Programs found some states had difficulty adhering to spending requirements as a result of ambiguous and evolving CVF grant expenditure criteria, and also struggled to implement efficient subgrant strategies due to uncertainty regarding future annual CVF award amounts. The report also found some states struggled to monitor assistance subgrants, especially as the number of subrecipients and total CVF award amounts grew. Additionally, the report found as of March 2019, five OJP grant managers each managed an average of over $1.5 billion in CVF formula and discretionary grants, presenting a challenge to adequate monitoring. We recommended that OJP assist states in developing spending plans, assessing risk among subrecipients, and monitoring the service providers that ultimately receive the majority of CVF grant funds. We also prompted OJP to better define and communicate grant rules to the states, develop customized guidance for scenarios unique to the CVF programs, and improve its performance reporting process to reduce the risk of inaccurate data showing the effect of these programs.

Effective Grant Administration and Oversight. The Department also faces challenges in effective administration of its non-CVF grant awards and management of its grant processes. A 2018 audit of the Department's grant award closeout process—a process by which grant recipients submit documentation to the awarding agency to verify grant expenditures and performance—found that while the Department made progress in agency closeout timeliness, over $28 million in funding remained obligated against awards eligible for closeout. This included over $1.4 million in funding obligated to organizations that had not been operational for as many as 10 years. In these instances, the Department did not efficiently identify funding returned by its grantees or left unspent past the close of awards. We recommended that the Department's granting components develop policies and procedures to more promptly identify balances persisting on awards past their expiration and remedy these amounts by putting them to better use. A 2019 audit of the National Institute of Justice's (NIJ) overall management of its grants found the NIJ needed to improve how it administers awards and communicates with recipients. For example, the report found that NIJ social science analysts took actions that overlapped with NIJ grant managers' responsibilities, leading to improper communications from NIJ to grantees regarding consultant arrangements, supplemental funding, and the scope of certain awards. The OIG recommended that NIJ promulgate clarified position descriptions for its personnel and establish procedures to ensure appropriate communication with its grantees.

Grant Monitoring to Ensure Safety of Department Grant Program Participants. The Department's challenges in conducting effective grant oversight applies to areas beyond preventing mismanagement of taxpayer dollars. For example, a 2019 OIG audit of efforts to safeguard minors in the Department's youth-centered programs found the Department had a lack of specific guidance and formal award requirements for grantees regarding background screening of individuals participating in Department grant programs who are in direct contact with children. The absence of a consistent monitoring regime to determine what steps grantees took to screen individuals working with children put children participating in Department grant programs at risk. The OIG's 2019 audit of an OJP research grant awarded to Cincinnati City School District provided an example of a grant award in which this lack of guidance and monitoring resulted in a problem. That audit found the grantee had an insufficient background check process, which ultimately resulted in individuals with criminal records—involving trafficking drugs near a school and endangering children—participating in a grant program that involved their escorting children to school. The OIG has recommended that the Department articulate screening requirements for grant programs that may involve contact with minors, leverage existing law enforcement tools to facilitate screening, share training and techniques for child abuse prevention, and enhance its monitoring of grantees' background screening processes.

The OIG is continuing its contract oversight work and grant audits to assist the Department in meeting these challenges.

USING PERFORMANCE-BASED MANAGEMENT

Performance-based management is an approach that establishes strategic program goals, with progress toward achieving those goals being determined by reference to relevant objective measures, and uses the collection, review, and analysis of data to evaluate performance and performance improvement.[8] This approach enables assessment of the impact of the Department's programs, proactive identification of areas of risk, and informed resource allocation and decision making. Many Department components lack either meaningful performance goals and measures or the data necessary to evaluate their programs. Although the Department is working to improve its performance management processes, including improving the accuracy and reliability of its data, significant challenges remain.

Performance Goals and Measures

As the OIG conducts audits and reviews of Department programs, it evaluates the extent to which decisions about whether a program is successful are determined by performance-based measures. Over the past year, the OIG has identified inadequate performance goals in several programs across different components of the Department, including ATF's Frontline Initiative, the BOP's contracted substance abuse treatment and mental health services, the DEA's efforts to control the diversion of opioids, and the Office on Violence Against Women's (OVW) Training and Technical Assistance Program. In order to address this issue, the OIG recommended that the Department develop performance metrics to assess the overall effectiveness of these programs.

Data Collection and Reliability

The Department faces challenges in collecting the data necessary to measure program performance, including the fact that some of the data the Department needs is unavailable. As noted in a text box in the *Prisons* section, a 2017 Procedural Reform Recommendation determined that the BOP had incomplete healthcare claims data in electronic format and that the claims adjudication vendor had not provided all contractually required services, including fraud monitoring. The OIG found that, as of February 2017, only 16 of the 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 the BOP's

[8] The Government Performance and Results Act Modernization Act of 2010 and corresponding guidance from the Office of Management and Budget's Circular A-11 establish the framework for performance-based management. The Act requires federal agencies to establish and publish general goals, as well as priority goals, and complete periodic assessments of progress toward each goal. The Foundations for Evidence-Based Policymaking Act of 2018, signed into law in 2019, expands upon this effort by directing federal agencies to assess the effectiveness and efficiency of their programs using systematic data collection and analysis.

health care contracts manually in a paper-driven process and, as a result, billing activity could not be analyzed in any meaningful way. Further, a 2018 OIG report found that despite the *Death in Custody Reporting Act of 2013* (DCRA) requirement to begin collecting data about law enforcement-related deaths and deaths in correctional institutions, not all federal law enforcement agencies are submitting the data, and the Department is not collecting state data. Without complete information about deaths in custody, the Department will be unable to achieve DCRA's primary purpose—to examine how DCRA data can be used to help reduce the number of deaths in custody. Multiple other OIG reviews have also found the Department's data to be incomplete and inaccurate, including data related to foreign nationals sponsored by the Department, the FBI's cyber victim notification process, and grant recipient activity funded by the Crime Victims Fund.

Moreover, even when relevant data may be available, the OIG has found, in some of the above-noted reports and otherwise, that the Department's components have not adopted a performance-based management approach in that they have not identified program goals by reference to relevant objective measures.

To assist the Department in addressing its ongoing challenges related to performance-based management, the OIG will continue to assess the Department's ability to collect and use data to measure program effectiveness, inform decision-making, and improve outcomes as part of its oversight of Department programs and operations.

FOSTERING A DIVERSE, HIGHLY-SKILLED WORKFORCE

The Department faces a number of challenges in its efforts to ensure that it has a diverse, highly-skilled workforce with the expertise necessary to accomplish its mission. These include challenges related to recruiting and retaining employees to fill certain mission critical positions, and to ensuring that the Department's specialized expertise and institutional knowledge is not lost through retirement.

Recruitment and Retention

The Department faces challenges in both recruiting and retaining employees in a highly competitive marketplace. The Department's efforts to recruit and retain skilled employees may be hindered by declining employee engagement, work-life balance concerns, and its lack of diversity in certain key positions.

Highly-Skilled Professionals. The Department faces challenges in recruiting and retaining employees to fill certain mission critical positions, such as healthcare and cyber-related positions. As noted in previous years' reports, healthcare professionals and cyber-professionals are highly sought after in the private sector and often receive salaries that cannot be matched with the federal pay scale. As a result, the Department must work within existing laws and regulations to provide compensation packages and work-life opportunities to remain competitive with the private sector.

The OIG has long expressed concerns about the BOP's inability to fill its healthcare positions. For example, in a 2016 report, the OIG found that only 83 percent of the positions in the BOP health services units were filled as of September 2014. The report noted that, as a result, inmates were sent to non-BOP medical providers to receive medical care, further contributing to increased inmate medical costs. The OIG further found that the salaries and incentives offered by the BOP were not competitive with those of the private sector, particularly given the need for the BOP to compensate its employees for the safety and security factors intrinsic to working in a correctional facility. In response to the review, the BOP enhanced its use of data to assess and prioritize medical vacancies and developed strategies to improve recruitment efforts. The remote locations of many of the BOP's facilities pose another challenge to the recruitment of medical personnel to the BOP. In the OIG's 2017 review of the BOP's use of restrictive housing for inmates with mental illness, we found that the BOP faced challenges in recruiting and retaining psychiatrists. Although the BOP is attempting to use available incentives to fill its vacant healthcare positions, this challenge persists.

In the cyber arena, the Department has acknowledged its difficulties in recruiting and retaining experienced cyber-professionals. For example, in its July 2018 report, the Attorney General's Cyber-Digital Task Force noted that the Department is constantly working to retain attorneys and investigators with cyber-related expertise and that it must find alternative incentives to recruit and retain those employees. As noted below, the Department must address its deficiencies in the non-monetary factors that affect recruitment, retention, and engagement of employees to remain competitive, particularly in the markets for health services employees and those with cyber expertise.

The Department also faces challenges in identifying vacant cyber related positions. In a March 2019 report, the GAO found that the Department was unable to comply with the requirements of the Federal Cybersecurity Workforce Assessment Act of 2015 to identify filled and vacant positions within IT, cybersecurity, and cyber related functions. The GAO found that by not completing its efforts to identify its vacant IT, cybersecurity, and cyber related positions, the Department lacks important information about the state of its workforce. As a result, the Department's ability to identify work roles of critical need and improve workforce planning may be limited.

Employee Engagement and Work-Life Balance. The Department faces challenges in the areas of employee engagement and work-life balance that may hinder the Department's efforts to recruit and retain highly-skilled staff. In its 2018 Federal Work-Life Survey Government-wide report, the Office of Personnel Management (OPM) found that work-life programs have a positive impact on recruitment, retention, performance, and employee morale. However, in the most recent OPM Federal Employee Viewpoint Survey (FEVS) results and Partnership for Public Service's (PPS) 2018 Best Places to Work in the Federal Government ranking, the Department scored below more than half of large federal agencies in the area of work-life balance. While work-life balance may be challenging given the nature of the Department's trial and investigative work, the Department should examine the extent to which it can make work-life programs and schedule flexibilities available to employees when the demands of their positions permit. In addition, in the past three years, the Department's employee engagement scores have declined in the rankings.[9] According to

In April 2019, the Attorney General signed an EEO statement that proclaims that the DOJ is an Equal Opportunity Employer that does not discriminate based on sexual orientation, gender identity, sex, pregnancy, parental and marital status, race, color, national origin, disability, and several other categories. Although all agencies are required by law to issue an EEO statement at the beginning of a new administration and every year thereafter, the DOJ had not issued a statement since March 2016.

[9] OPM defines "employee engagement" as "an employee's sense of purpose that is evident in their display of dedication, persistence and effort in their work or overall attachment to their organization and its mission."

the OPM, employee engagement scores are linked to employee retention and lower scores indicate employees are more likely to leave their places of employment.

Diversity. OPM has found that a diverse workforce has several benefits, including better informed agency decisions through consideration of varied perspectives, increased creativity and innovation, and an increased capacity to serve and protect people who have different experiences. To meet the goal of widening the talent pool available to the federal government, Executive Order (E.O.) 13583, *"Establishing a Coordinated Government-Wide Initiative to Promote Diversity and Inclusion in the Federal Workforce,"* directs the federal government to enhance its ability to recruit, hire, promote, and retain a more diverse workforce. The Executive Order further directs the federal government to create a culture that encourages collaboration, flexibility, and fairness to enable individuals to participate to their full potential. According to the 2018 Best Places to Work in the Federal Government rankings, the Department ranked 14 of 16 large agencies in support for diversity and ranked in the lowest quartile in this category for the second year in a row. In addition, according to the Department's FY 2018 Employment Fact Book, as of September 30, 2018, only 25 percent of the Department's Senior Executive Service was female.

Of particular concern is the lack of diversity in the Department's law enforcement components. According to OPM, law enforcement is an area where there is a critical need for civil servants who look like the people and communities they serve. However, in its 2018 report, a "Review of Gender Equity in the Department's Law Enforcement Components," the OIG found that women accounted for only 16 percent of Criminal Investigators in DOJ's law enforcement components. The OIG also found that women held few headquarters executive leadership positions over operational units and few top field leadership positions. While we determined that ATF, the DEA, the FBI, and the 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.

Succession Planning

The Department risks losing critical institutional knowledge if it does not have an effective human capital program that includes a talent management and succession planning process. As of September 30, 2018, approximately 28 percent of the Department's workforce was over 50. Given the Department has one of the youngest average retirement ages in the federal government (56.2 years in 2017), due in part to the mandatory retirement requirement of its law enforcement officers, it is likely that a quarter of the Department could retire within the next 10 years.

The Department's challenges in hiring and retaining a workforce with the specialized skills to accomplish its mission impacts the majority of the other top management and performance challenges that the Department faces. Therefore, it is imperative that the Department continue to improve its ability to recruit, attract, and retain top talent while planning for the seamless transition between its current leadership and the leadership it will need to accomplish its mission in the future. In order to meet these challenges, the Department will need to pay greater attention to non-monetary factors, such as the diversity of its workforce, inclusion policies, employee engagement, and work-life issues.

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

NOV 1 8 2019

MEMORANDUM

FROM: THE ATTORNEY GENERAL

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

The Department of Justice is our Nation's chief law enforcement agency, charged with enforcing the law and defending the interests of the United States according to the rule of law. As Attorney General, I am committed to that mission. During my tenure, I have emphasized a number of priorities, such as combatting violent crime, reducing illegal drugs, addressing immigration, and protecting national security. But I have also made clear to Department leadership that our priorities cannot come at the expense of our other responsibilities. We must do our best to cover all the bases. The more than 113,000 employees of the Department embrace that charge and perform their duties every day to serve the American people.

In response to a congressional mandate, the Inspector General has identified eight "management and performance challenges" based on OIG's recent oversight work and experience. Many of the challenges the Inspector General identified correspond directly to issues and concerns I have prioritized since taking office—such as, "Safeguarding National Security and Countering Domestic and International Terrorism" and "Protecting the Nation and the Department against Cyber-Related Threats." These are indeed among the Department's greatest challenges.

I am proud of the work that the Department is doing to address these challenges. For example, the Inspector General identified the use of encryption by bad actors as a major law-enforcement challenge. I agree and personally led the Department's efforts to encourage technology companies to provide lawful access to their platforms for law enforcement agencies. I have spoken to stakeholders and written on the importance of this issue in national and international media forums. I recently hosted a summit on this issue at the Department that included state and local law enforcement partners along with other interested stakeholders. Other senior Department officials, including the Director of the FBI in particular, have been engaged on this issue as well.

The other challenges identified in the Inspector General's report also are important. For instance, managing a safe, secure, and humane prison system is vitally important. I am pleased with the many steps the Bureau of Prisons (BOP) already has taken to address some of these challenges—such as developing new techniques to interdict contraband, improvements to the security camera systems, and streamlining of the hiring process to improve staffing levels. I also know there is more work that remains to be done. I recently appointed new leadership at BOP and am confident they are putting their best efforts into these challenges.

The report understandably cites a number of separate OIG reports from the past few years to highlight the challenges the Department faces. Focusing on these findings could give the impression the Department has not addressed the Inspector General's concerns, but that would not be the right conclusion to draw. Readers should note that, in most instances, the Department has responded to these reports by implementing the OIG recommendations or by taking other appropriate steps to address the issues identified. Some of those steps are identified in the enclosed management response. In limited instances, Department leadership may disagree with an OIG conclusion or with a particular recommendation; that is to be expected. But both leadership and the Inspector General are committed to the Department's mission, and by and large, we agree on the challenges we face and how they can be addressed.

A couple of points warrant special emphasis:

- As noted above, the Department has already taken significant steps to address challenges within the BOP. For example, the Department worked to streamline the process for hiring new BOP personnel so that intake can keep up with attrition. BOP also has new, experienced leadership committed to addressing these challenges. I expect to see many positive results from those efforts.

- The Department is committed to protecting the integrity of our elections and is working hard to do so. Deputy Assistant Attorney General Adam Hickey recently testified before Congress about those efforts, which include intelligence and law enforcement investigations by the FBI, assistance to election officials, other public officials, candidates, and social media companies in hardening their own networks, products, and platforms, and stepped up enforcement of the Foreign Agents Registration Act, among other actions.

The enclosed management response contains additional information about these and other issues raised in the OIG report—both where we agree with, and in certain areas, where we disagree with the Inspector General's recommendations. I look forward to leading the Department to accomplishing our goals and, in doing so, improving the Department's performance and maximizing its potential for the benefit of the American people.

MANAGEMENT RESPONSE TO THE FY 2019 OFFICE OF THE INSPECTOR GENERAL'S REPORT ON THE TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF JUSTICE

The Department of Justice is our Nation's chief law enforcement agency, charged with protecting the American people and with upholding the rule of law. The Department's management is committed to that mission and appreciates the support and assistance of the Office of the Inspector General in carrying it out.

I. Managing a Safe, Secure, and Humane Prison System

The Federal Bureau of Prisons (BOP) and the Department of Justice leadership agree that managing a safe, secure, humane prison system is vitally important and must be achieved notwithstanding the costs and other challenges involved.

Physical Safety and Security. BOP is committed to ensuring public safety by devoting necessary resources to incarcerate offenders in safe, secure, and humane facilities. The following sections address specific issues raised in the OIG report.

Contraband. Contraband cell phones have been used by inmates and co-conspirators to engage in criminal activity, foment escapes, facilitate the introduction of dangerous contraband into facilities, and threaten staff, other inmates, witnesses, victims, and other members of the public. Accordingly, it must be noted that BOP has taken steps for many years to address the issues associated with contraband cell phones. A December 2010 Department of Commerce report on contraband cell phone use in prisons,[1] for example, reported that BOP had "evaluated a large number of cell phone interdiction technologies" over the previous 15 years and "continue[d] to investigate a wide variety of technological solutions," including "jamming, spoofing, denial of service, managed access, direction-finding, scanners, [and] and hand-held frequency detectors." In 2010, BOP worked with the National Telecommunications and Information Administration (NTIA) to conduct a jamming test. BOP has worked to keep contraband out of prison, implementing whole-body image scanners, networked walk-through metal detectors, and thermal fencing, as appropriate. BOP has similarly attempted to detect and remove these dangerous devices, using mobile Managed Access Systems (MAS) to identify cellular activity in prison and, when possible, remove those contraband devices.

BOP's efforts are continuing. In 2019, as the OIG report notes, BOP worked with the NTIA to develop and successfully test contraband devices to render cellular signals inoperable inside BOP facilities. BOP has also conducted several interagency tests of cell phone mitigation technology, including micro-jamming tests at Federal Correctional Institution (FCI) Cumberland in Maryland in January 2018 and the Broad River Correctional Institution in South Carolina in April 2019. And BOP continues to refer cell

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[1] U.S. Dep't of Commerce, *Contraband Cell Phones in Prisons: Possible Wireless Technology Solutions* (December 2010), p. 10, *available at* https://www.ntia.doc.gov/files/ntia/publications/contraband cellphonereport_december2010.pdf.

phone contraband cases to the Federal Bureau of Investigation (FBI) and U.S. Attorneys' Offices for investigation and potential prosecution.

In the FY 2020 President's Budget, BOP requested $4.6 million to implement cell phone detection and mitigation technology. The request would fund testing of two different technologies in order to understand the most effective technologies in different environments, such as prisons in rural or urban environments.

The Department is working closely with the Federal Aviation Administration (FAA) and BOP to protect BOP institutions from threats posed by drones. BOP has already received approval for no-flyover restrictions from FAA for 108 of the BOP's 122 facilities. The only remaining sites to be justified are minimum security facilities.

BOP has implemented staff-focused policy and procedures to help keep contraband out of prison. Program Statement 3740.02, Staff Entrance and Search Procedures, "provides entrance and search procedures for Bureau staff entering Bureau grounds and facilities, in an effort to maintain the safety, security, and orderly operation of those facilities and protect the public." This policy provides limitations on the types and quantities of items that may be carried in to a facility by staff, and provides specific response procedures for instances where contraband is detected, among other things. Violations and alleged violations of this policy are referred to the Office of Internal Affairs and, in turn, the Office of the Inspector General, for review and appropriate action. Sustained allegations may lead to criminal prosecution and/or serious administrative penalties to include removal from federal service.

Cameras. Deficiencies in BOP's security camera system, among a number of other factors, *could* increase the risk of contraband entering BOP facilities. BOP is currently taking steps to evaluate and upgrade its system. For example, in FY 2019, BOP used $10.3 million in funding to upgrade its camera matrix systems and $15 million to purchase BOP-wide software updates to its camera system.

Inmate Monitoring. BOP recognizes that consistent and appropriate oversight and monitoring of inmates is essential to ensuring the safety of staff, inmates, and the public. It cannot be simply assumed, however, that recent rises in the number of inmate suicide and homicide deaths are directly related to or correlate with inadequate oversight and monitoring. Many of these incidents occurred in the presence of observing policy-compliant monitoring.

Insufficient Staffing. When an insufficient number of correctional officers is available to cover correctional posts, BOP may assign non-custody staff as officers to reduce the need to vacate posts deemed critical for the safety and security of the institution. It must be noted, however, that all staff, including program staff, assigned to correctional facilities are trained law enforcement officers and are considered correctional workers first, regardless of their occupation. All staff receive the same amount of formal training (both initial and continuing) as the correctional officers, and all staff members are informed at the time of hiring that they are expected to perform law enforcement functions during routine and non-routine situations. Staff correctional responsibilities precede all others. Accordingly, all staff receive law enforcement pay and law enforcement retirement benefits. All staff are made aware at the time of hiring that when BOP institutions must use augmentation, this may curtail or delay the normal duties they perform.

While staffing at some BOP institutions can be challenging, particularly in institutions located in remote locations or in areas where the prevailing wage is higher than the federal pay scale, BOP is committed to the goal of 100% staffing at its facilities nationwide. To that end, BOP has put in place recruitment and retention incentives at hard-to-fill locations, and has instituted a nationwide incentive to retain retirement-eligible staff. These incentives are already bearing fruit. For example, March 2019 marked the first time since the end of December 2016 that BOP had more staff hires than staff departures, and this trend is continuing each pay period. BOP has enacted specialty incentives for certain hard-to-recruit positions, such as physicians, nurses, dentists, and psychologists. These incentives include student loan repayment and specialty pay rate incentives. Finally, BOP was recently authorized to use 3,000 temporary positions to fill vacancies more expeditiously.

A request for Direct-Hire Authority for BOP is pending with the Office of Personnel Management (OPM). Also, a request for delegation of authority to waive salary offset in order to re-employ former BOP employees to accelerate new hires is being developed for submission to OPM. Finally, the Department is seeking authority to move significant portions of the BOP correctional facility medical professionals workforce from Title 5 regulations covering compensation to Title 38. This will allow BOP to offer much more competitive salaries to address hiring challenges for critical shortage occupations.

Inmate Welfare. As part of its mission to provide reentry programing to ensure federal offenders' successful return to the community, BOP employs outcome-based metrics and recidivism analyses. Specifically, BOP has conducted the recidivism analysis required by the Second Chance Act, and the Department submitted annual reports to Congress in 2017 and 2018 that featured mandated recidivism analyses of federal inmates. In 2019, the Attorney General published a risk and needs assessment system required under the First Step Act (FSA). Going forward, BOP will use a new risk and needs assessment tool called the Prisoner Assessment Tool Targeting Estimated Risk and Needs (PATTERN) to predict the likelihood of general and violent recidivism for all BOP inmates. In accordance with the FSA, PATTERN contains static risk factors (e.g., age and crime of conviction) as well as dynamic items, such as participation or lack of participation in programs like education or drug treatment that are associated with either an increase or a reduction in recidivism risk.

Healthcare. As noted, the Department is seeking authority to move significant portions of the BOP correctional facility medical professionals workforce from Title 5 regulations covering compensation to Title 38. This will allow BOP to offer much more competitive salaries to address hiring challenges for critical shortage occupations. It should be noted that BOP uses U.S. Public Health Service Officers to fill 700 healthcare provider positions in BOP institutions. These officers are a valuable resource to BOP to help compensate for these hard-to-fill positions.

Concerning costs for inmate health services, BOP pays for medical care that is not covered under a statute or regulation under which the government sets the agency's reimbursement rates, and BOP is unable to require that its medical care costs be held at Medicare rates.

Reentry Programming. The OIG report cites a 2016 audit report on BOP's use of Residential Reentry Centers and states that BOP does not measure the effectiveness of its reentry programs. In fact, however, BOP addressed all five of the OIG's recommendations and the OIG closed the report.

Infrastructure Issues. BOP recognizes the challenges that come with managing and providing for the care of the federal inmate population while maintaining the appropriately safe and secure prisons required to ensure the safety of inmates, BOP staff, and surrounding communities. Prison facilities are subjected to much heavier than normal use since they are continuously used 24 hours a day, 365 days a year, often in crowded conditions. As a result, the rate of deterioration tends to be higher than other federal facilities, putting additional strain on BOP's resources. In FY 2019, BOP spent more than $100 million on construction and repair of its buildings and facilities, and BOP's FY 2020 budget request in its Buildings and Facilities appropriation requests funds exclusively for the modernization and repair of existing BOP facilities.

With regard to heating and cooling problems at the Metropolitan Detention Center Brooklyn, BOP initiated a utility energy saving contract to resolve the situation. The project was near completion during the time of the OIG's on-site assessment. Since that time, all Energy Conservation Measures have been completed and BOP is now completing a modification prior to final project closure.

II. Safeguarding National Security and Countering Domestic and International Terrorism

The Department agrees that national security and combating terrorism are top priorities (and challenges).

Disrupting and Defeating Terrorist Operations. The OIG report acknowledges that the Department, and the FBI in particular, are proactive in efforts to combat terrorist operations and some of the challenges presented in this area. The Department remains committed to facing those challenges head on.

Counterintelligence and Counterespionage. The OIG report acknowledges the FBI's efforts to deter and detect intrusions by foreign intelligence operations, and the Department will continue to implement and improve those measures.

Combatting Insider Threats and Unauthorized Disclosures. To help protect against insider threats and potential leaks of classified information, the FBI has worked to revise its Sensitive Compartmented Information (SCI) access policy to explicitly state that security risk assessments must be conducted, thoroughly documented, and approved by the Security Programs Manager when employees retain SCI access despite being unable to pass a polygraph examination within the specified time requirement.

III. Protecting the Nation and the Department Against Cyber-Related Threats

Investigating and Prosecuting Cybercrime and Other Crimes Facilitated Through Encryption Technologies. One of the most significant and persistent challenges to the Department's ability to access investigative data is the "Going Dark" problem. The Department is continuing to look for ways to address this problem. In October, for example, the Department convened a lawful access summit that brought together law enforcement, the NGO community, industry members, academics, and legislators to talk about potential solutions. In addition to engaging with technical experts, the Department also plans to publicly emphasize the need for technology providers to consider user and public safety in product design as much as they focus on cybersecurity and user privacy.

Election Security. The OIG report states that the U.S. Senate Select Committee on Intelligence report on Russian interference in the 2016 U.S. election found that the FBI warnings provided to states in 2016 "did not provide sufficient differentiation between warnings specific to election infrastructure and other warnings issued by the FBI." Ahead of the 2020 elections, the FBI is coordinating with U.S. Intelligence partners, including the ODNI, to ensure actionable threat intelligence is disseminated as appropriate.

Ensuring the Security of Department Information Technology Systems. To protect against internal and external threats to its information technology systems, the Department is taking a multi-pronged approach to map, track, and assess its cybersecurity workforce. In support of its cybersecurity workforce strategies, for instance, BOP is targeting technical support specialist applicants with required skill sets and exploring use of incentives such as recruitment, retention, relocation, and student loan payoff to address its cybersecurity needs.

In response to the OIG's May 2019 report on the Criminal Division's Information Security Program, the Criminal Division opened Plans of Action and Milestones that include activities to finalize or provide further evidence and artifacts that the Division is properly managing Information Security activities, and reviewing and changing necessary processes to comply with Department standards. Since May, the Criminal Division has implemented three of the report's ten recommendations, and the OIG has reviewed and accepted evidence of the effective changes. The other seven recommendations are in various stages of implementation, with the Criminal Division submitting quarterly reports to the OIG as required.

IV. Management of Sensitive Investigative Authorities

The Department agrees that its sensitive investigative authorities are important tools which must be used responsibly. In several instances, OIG's review in these areas remains ongoing. The Department looks forward to reviewing OIG's findings and recommendations.

DEA notes that, as a result of the OIG's 2019 review of its use of administrative subpoenas to collect or use bulk data, DEA has implemented guidance requiring any new program involving bulk data collection to undergo a thorough legal review by DEA headquarters and the Department prior to being implemented. DEA also established additional procedural safeguards in its subpoena issuance protocols to ensure that data collected and retained by DEA pertains only to active narcotics investigations and that data is only maintained in support of active investigations and prosecutions.

With regard to the GAO audit of the FBI's use of automated facial recognition technology, the FBI notes that its work with the GAO is ongoing and that the FBI expects that the final two open recommendations will be closed within the next year.

V. Law Enforcement Coordination and Community Engagement

The Department is committed to close and effective cooperation with state, local, and tribal law enforcement partners and to engagement with local communities.

Combatting the Opioid Crisis. Addressing the opioid crisis is a top priority for the Department, and this includes both preventing the diversion of opiates from licit sources as well as combating the trafficking of illicit drugs.

In addition to beginning to implement all recommendations delineated in the OIG's September 2019 report on DEA's diversion control efforts, the DEA currently uses a wide array of tools—administrative, civil, and criminal—to fight diversion of opioids and other controlled substances. While only a minute fraction of the more than 1.8 million DEA registrants are involved in unlawful activity of this nature, DEA has consistently worked to identify and hold accountable criminal violators across drug manufacturers, distributors, pharmacies, and prescribers. In the past eight years, DEA has removed approximately 900 registrations annually, further preventing diversion of opioids and other controlled substances. Numerous recent successful investigations and prosecutions have been documented by DEA in which hundreds of millions of dollars in denied revenue and civil penalties have been achieved.

DEA has also begun to develop a national prescription opioid enforcement strategy, which will incorporate the work of all DEA field divisions and will include metrics of performance to measure the strategy's progress and identify new and emerging drug threats.

The OIG report highlights several of the Department's recent initiatives to address the nation's opioid crisis. Additionally, the Department has sought and received Direct-Hire Authority from OPM for multiple components, including the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Criminal Division, DEA, and the Executive Office for U.S. Attorneys, to address staffing and recruitment needs directly in support of combating the epidemic.

Reducing Violent Crime. Reducing violent crime, and gun crime in particular, is another top priority for the Department.

ATF's National Integrated Ballistics Information Network (NIBIN) is a valuable resource that allows for the capture and comparison of ballistic evidence to aid in solving and preventing violent crimes involving firearms. In response to the OIG's recent findings relating to NIBIN, ATF has deployed a web-based application that affords it and its partners a mechanism to track and analyze NIBIN leads as well as share the results of their leads. ATF recently submitted documentation to OIG demonstrating improved promotion of NIBIN among its law enforcement partners—through the implementation of the NIBIN Enforcement Support System—and requested that this recommendation be closed.

Violent crime reduction in Indian country has been, and continues to be, a top priority for the Department. Throughout 2019, the Department made significant strides in enhancing public safety in Tribal communities. For example, in response to the Attorney General's declaration of a law enforcement emergency in rural Alaska, the Department provided $10 million toward federal law enforcement agency resources, and hired three federal prosecutors for additional federal law enforcement support for Alaskan native and Tribal communities. The Department also created two Tribal Special Assistant United States Attorney (SAUSA) programs to fund up to 15 grants for SAUSAs. Further, the Department dedicated $1.5 million to fund up to 10 contractor positions in U.S. Attorneys' Offices to improve coordination of investigations involving missing and murdered Indigenous persons. The Department also developed a multitude of other programs and trainings to bolster law enforcement and improve public safety in Indian country.

Investigating Cross-Border Criminal Activity. The Department has also prioritized the investigation and prosecution of cross-border crime. The Department believes that its cooperation and coordination with the Homeland Security Investigations (HSI) unit within the Department of Homeland Security (DHS) have improved significantly since the 2012 investigation cited in the OIG report. ATF has long since implemented corrective actions pertaining to Operation Fast and Furious, closed all of the recommendations stemming from the OIG's review, and made significant strides in improving its relationship with DHS.

As to the OIG's 2019 findings and recommendations regarding FBI–DHS cooperation in investigating cross-border crime, the Department would point out that the FBI concurs with all five of the review's recommendations and is currently working to ensure it appropriately responds to the OIG, including coordinating with DHS.

VI. Administering and Overseeing Contracts and Grants

The Department appreciates the acknowledgement by OIG that it has made recent improvements to its administration and oversight of contracts and grants. The Department is committed to continuing to preserve and improve these functions in order to maximize taxpayer value and eliminate waste, fraud, and abuse.

Contract Administration and Oversight. Department components have taken numerous recent steps to comply with the Federal Acquisition Regulation (FAR), including corrective actions to close OIG recommendations. For example, in response to the OIG's 2018 audit of a DEA aviation support contract, DEA has revised its process of contract oversight and contract type selections. DEA also recently began the process of revising the Performance Work Statement for its current and future contracts. In addition, DEA revised and implemented guidance in accordance with FAR 16.104 relating to selection of the appropriate contract, including pricing considerations.

The FBI Procurement Section has taken several actions to eliminate or mitigate risks associated with the OIG's aviation contract findings, which are from late 2016 (September) and early 2017 (January).[2] Those actions include:

> 1. The creation of a Competition Advocate SharePoint site to ensure that all sole source acquisitions above the $700,000 threshold are reviewed and completed prior to award.
>
> 2. The creation of a Peer Review program.
>
> 3. The creation of five SOPs and eight contract case file checklists to improve contract file standardization and to ensure contract files have all required documentation.
>
> 4. The creation of an electronic contract filing capability to:
>
> > (a) Create a digital contract case file repository;
> > (b) Avoid having multiple storage areas for contract files; and
> > (c) Facilitate file transfers and ease of access.
>
> 5. Clarification for staff members on conducting and documenting the pre-inspection of large leased assets.
>
> 6. In addition to mandated training courses, the FBI provided increased training regarding invoices, contract oversight, market research, and the conducting of sole source acquisitions.

The Department has also taken additional steps to addressed the specific issues outlined in the OIG report. The U.S. Marshals Service (USMS) has successfully closed all recommendations from the referenced 2018 audit regarding the court security officer procurement process. The USMS is working to ensure competition in its private detention facility contracts by performing open competition for pre-trial bed space within a reasonable proximity to the district courthouse with the identified need. Again, all recommendations from the cited audit have been successfully closed by the USMS.

DEA has provided more oversight and management in the awarding of contracts, including reinforced contractor compliance with the FAR. DEA has also implemented a national training program for Field Contracting Officer's Representatives to ensure consistent, national oversight of its linguist program and to address any other weaknesses relating to contract administration and oversight.

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[2] The FBI is not requesting that the information provided here be added to the OIG report.

The USMS strives to ensure that its private detention facility contracts adhere to the requirements of the Service Contract Labor Standards. The USMS has a good working relationship with the Department of Labor and implements corrective actions upon receipt of any findings. The referenced FY 2017 audit had no recommendations pertaining to labor law compliance because the identified deficiency had been corrected prior to the audit.

Grant Administration and Oversight. The Office of Justice Programs (OJP) recognizes the inherent risks associated with overseeing a grants portfolio of almost 8,900 open awards totaling approximately $13.4 billion. Therefore, 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, targeted outreach to high-risk or at-risk grantees, and carrying out program assessments on the performance of grant programs and grantee compliance.

OJP's rigorous oversight and monitoring program uses 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 2019, OJP completed in-depth programmatic monitoring of 834 grants totaling $1.77 billion, approximately 40 percent over 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)), which consists of 11,100 active grants totaling almost $15 billion for FY 2019. In FY 2019, OJP's OCFO carried out financial monitoring of approximately $1.4 billion of COPS Office, OJP, and OVW active grant funding. This included on-site financial monitoring of 339 grants totaling over $715 million, and financial desk reviews (conducted remotely from OJP) of 412 grants, totaling more than $702 million. As a result, OCFO identified nearly $11.3 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 2019, OCFO worked with grantees to close out 86 monitoring site visits resolving $19.2 million in questioned costs and 326 grant desk reviews resolving nearly $955 thousand in questioned costs.

To improve compliance and reduce the risk of fraud, waste, and abuse, OJP requires all award points of contact and financial points of contact to complete grants financial management training. In FY 2019, OJP conducted five comprehensive two-day financial management training seminars and two two-day advanced seminars, providing financial training and guidance to 451 participants. In addition, OCFO conducted a variety of ad hoc/focused training sessions and webinars for more than 2,400 grantees. OJP also continued to provide Online Grants Financial Management Training for all Department grant recipients. The online training is designed to cover all topics grantees need to ensure sound fiscal management of their awards. Nearly 3,000 grantee personnel successfully completed the online training in FY 2019.

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 2019, OJP received 77 audit reports, containing 409 recommendations and $17.6 million in questioned costs. In FY 2019, OJP facilitated the closures of 71 single and OIG grant audit reports. This represented the closure of 247 recommendations and $8.6 million in questioned costs. Among the closed reports, 73 percent of the $6.38.6 million in questioned costs identified by the OIG were ultimately supported by grantees, determined to be allowable and/or approved by OJP; 13 percent, or $1.21.1 million, of the questioned costs were returned to the Department for better use; 11 percent were waived by OJP; and 3 percent were duplicate costs addressed by Department grant recipients in other audit reports, or erroneously identified as Department expenditures. As of September 30, 2019, OJP had 102 grant and single audits open, containing 697 recommendations, and $91.5 million in questioned costs.

Under the law, the grantee is responsible for directly monitoring its subrecipients. OJP's responsibility is 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. Having recognized this as a weakness for some grantees, OJP has been strengthening its guidance and training related to subrecipient awards and monitoring. As an example, all OJP applicants are now required to complete a Financial Management and System of Internal Controls Questionnaire, which addresses, among many factors, whether the organization has controls in place to properly monitor activities of subrecipients.

Crime Victims Fund (CVF). With regard to 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-indicator reports to proactively identify and resolve potential issues; and assessing adequacy of subrecipient monitoring policies, procedures, and practices of all CVF grantees.

In FY 2019, the OIG released a report focusing on OJP's challenges in administering the CVF. While the OIG has acknowledged that OJP has enhanced its CVF grant oversight efforts, there are several ways that OJP can further clarify for grantees the requirements for managing CVF awards, work with the states on strategies for selecting and monitoring CVF grant subrecipients, and advance its own monitoring for these awards.

OVC continues to support its formula grantees with intensive training and technical assistance, including peer-to-peer mentoring. OVC is currently assessing policies, informational materials, and training available to the CVF grantees, and analyzing various state-specific reports, ranging from performance and spending under the awards. Using this information, OVC will strengthen its training and technical assistance intended to enhance State Administering Agencies' (SAAs) understanding of the allowability of costs under the Victims of Crime Act (VOCA) Victim Assistance Rule; provide more support and understanding of the Department's Financial Guide; assist with developing subrecipient monitoring and risk assessment policies and tools; and help SAAs manage their formula grants in the most effective manner.

Furthermore, in its effort to enhance its communication strategy to the field, OVC has launched a wide-ranging initiative to conduct visits to the majority of SAAs, which includes a focus on grant rules governing allowable costs. In addition, OVC has established a database called VOCApedia to record all allowability questions received by OVC staff. All questions will be discussed within the State Compensation and Assistance Division, and in consultation with the Office of General Counsel and OCFO, as needed. OVC will also send a monthly email to SAA Administrators informing them of the most recent updates.

Beginning in FY 2019, OVC established a four-year, risk-informed monitoring plan for its SAAs. OJP has provided training to OVC program and financial specialists responsible for programmatic and financial monitoring of CVF grants, and has also published the VOCA Victim Assistance Program final rule, which provides guidance to SAAs regarding states' responsibilities for monitoring subrecipients. Training on monitoring subrecipients and developing effective risk assessments was provided at the VOCA Regional meeting and annual conference in FY 2019.

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 that 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.

OJP's Office of Audit, Assessment, and Management (OAAM), in coordination with OVC and OCFO, periodically reviews 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.

Effective Grant Administration and Oversight. In 2018, the OIG issued a report on the Department's Grant Award Closeout process after reviewing more than 43,000 awards made between 2008 and 2016, totaling $26 billion. In response to the OIG audit report, OJP, OVW and the COPS Office have developed policies and procedures to more promptly identify balances persisting on awards past their expiration, and remedy these amounts by putting them to better use. 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 found 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, and the OIG has issued a closure memo.

OJP leveraged its existing risk assessment and financial monitoring processes to incorporate conducting a review of final grant ledger accounting activities for a portion of awards that are expired, or are in the closeout process. Using this risk assessment, OCFO selects grantees for financial monitoring, and includes a selection of expired awards or awards in the closeout process. During financial monitoring, OCFO reviews the final general ledger and final Federal Financial Report to determine accuracy. OCFO updated its site visit checklist to include questions pertaining to the sample of expired grants that are part of the financial monitoring.

Furthermore, OJP has developed and implemented policies and procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three grant-making components.

A 2019 audit of the National Institute of Justice's (NIJ) overall management of its grants found the NIJ needed to improve how it administers awards and communicates with recipients. Since the report was issued, NIJ has promulgated policies and procedures that addressed and closed all seven recommendations identified by the OIG in the report.

Grant Monitoring to Ensure Safety of Department Grant Program Participants. In response to the 2019 OIG audit of efforts to safeguard minors in the Department's youth-centered programs, DOJ's three grant-making components—OJP, OVW, and the COPS Office—have implemented a process for identifying grant awards that may involve contact with minors and a new grant condition on FY 2019 awards establishing screening requirements for individuals who will interact with minors in Department-funded programs. OJP, OVW, and the COPS Office are also working together to develop monitoring processes for the new grant condition and to identify training and other resources for grant recipients and subrecipients on preventing child abuse and conducting background screening. The three components are also aware that the FBI is developing a process wherein authorized qualified entities (which may include DOJ grant recipients and subrecipients) have the ability to submit fingerprints for an FBI criminal history background check pursuant to the Child Protection Improvements Act. OIG has closed the first recommendation in this audit—related to identifying grant awards that may involve contact with minors—and the Department will provide an update in the remaining areas in December 2019.

The OIG's 2019 audit of an OJP research grant awarded to the Cincinnati City School District provided an example of a grantee that did not properly oversee its subawardee to ensure it complied with necessary internal controls and requirements. The Cincinnati City School District has updated its policies and procedures manual for federal and state grants to ensure appropriate internal controls are in place to comply with Department requirements of its management and oversight of contractors assigned to federal grants, and adherence to privacy obligations for all employees and contractors associated with federal grant programs. OJP continues to work with the Cincinnati City School District to address the remaining open recommendations in the audit report.

VII. Using Performance-Based Management

The Department agrees that both performance management and evaluation are key tools in providing evidence to support resource allocation and decision-making. The Department continues to promote a strong performance management culture of establishing goals, objectives, and meaningful measures that is important in improving its program outcomes and achieving the Department's strategic goals. The Department also recognizes the important role that evaluation plays and has designated the first Department of Justice Evaluation Officer this year. Evaluation is an assessment using systematic data collection and analysis of one or more programs, policies, and organizations intended to assess their effectiveness and efficiency. Outcome evaluations identify results or effects of a program; and impact evaluations include a comparison group in order to determine if the intervention caused the measured effects. The Department is examining the best ways to coordinate and collaborate on its evidence-building efforts as well as developing a Department-wide evaluation plan and learning agenda.

Performance Goals and Measures. Following the publication of the OIG audit report on OVW's Training and Technical Assistance (TA) Initiative, OVW implemented some immediate changes to address the OIG's recommendations. The TA Team Lead—a position OVW created and filled in 2017 after identifying on its own the need for more coordinated administration of the initiative—leads these efforts. For example, the OIG recommended that OVW enhance its review of funds remaining on TA awards before issuing supplemental funding. OVW amended its review process in FY 2019 to improve its assessment of TA recipients' prior performance and formulation of TA funding recommendations. OVW is also developing a strategy to better measure TA recipients' performance. As part of that strategy, web-based trainings for all OVW grantees now instruct grantees to use their progress reports to share feedback on the quality and utility of any OVW-sponsored training and TA they receive. That feedback will be analyzed and used to enhance the TA Initiative.

Data Collection and Reliability. A 2018 OIG report found that despite the Death in Custody Reporting Act of 2013 (DCRA) requirement to begin collecting data about law enforcement-related deaths and deaths in correctional institutions, not all federal law enforcement agencies are submitting the data, and the Department is not collecting state data. Since the issuance of this report, OJP's Bureau of Justice Statistics (BJS) reported that based on data analysis of the DCRA data collections for FYs 2016 and 2017, BJS delayed the FY 2018 data collections to revise the survey instruments to make the questions and response options clearer. Concurrently, BJS used the 2016 Census of Federal Law Enforcement Officers to verify and update its list of federal law enforcement agencies and is consulting with the Office of the Deputy Attorney General (ODAG) regarding the identification of a complete list of all federal law enforcement agencies that have not responded to their initial outreach, and follow-up efforts.

The Bureau of Justice Assistance (BJA) is expecting to receive DCRA data beginning in January 2020, at which time BJA will coordinate with the FBI Criminal Justice Information Services (CJIS) Division to share best practices on information collection, collaborate on potential shared reporting fields, and seek to reduce any data duplication, if applicable.

During OJP's A-123 internal control review in FY 2019, OAAM's Audit and Review Division examined 50 business processes and tested 292 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.

VIII. Fostering a Diverse, Highly-Skilled Workforce

The Department agrees that fostering a diverse and highly-skilled workforce is both a priority and a challenge.

Highly-Skilled Professionals. As the OIG report acknowledges, the Department faces significant challenges in recruiting and retaining personnel for highly-skilled positions such as in healthcare and cybersecurity. The Department makes a concerted effort to fill and maintain these positions despite those challenges.

The OIG report briefly mentions BOP's efforts to use available incentives to fill its vacant healthcare positions, but it does not elaborate on the specific types of incentives being used by BOP. In the past year, BOP has made a great effort and investment in providing incentives for hard-to-fill positions, such as relocation assistance and recruitment and retention incentives. The Department has requested Special Salary Rates (SSRs) for various BOP health care occupations. The Department also recently requested an increase in SSRs for Pharmacists. Additionally, the Department previously received approval to use Title 38 authorities for compensating BOP psychiatrists, and, as noted earlier, is preparing a request for approval to move significant portions of the BOP healthcare workforce to Title 38 coverage as well.

As reported earlier, the Department is taking a multi-pronged approach to recruit and retain an experienced cyber-professional workforce. BOP is targeting technical support specialist applicants with required skill sets and exploring use of incentives such as recruitment, retention, relocation, student loan payoff. The FBI has tagged all relevant positions with the appropriate cybersecurity codes in order to track and map the availability of required skill sets and to determine future needs.

Additionally, OPM has granted Direct-Hire Authority (DHA) authorities for cyber and STEM, and the Department is currently assessing the viability of DHA for all IT specialists to meet critical hiring needs. Finally, the Department has encouraged all its components to fully utilize available workplace flexibilities.

Employee Engagement and Work-Life Balance. The Department seeks to improve employee engagement and work-life balance wherever possible. Besides encouraging components to fully use workplace flexibilities, the Department encourages use of the 3Rs (Recruitment, Relocation, and Retention Incentives) when applicable and supervisors (through training) implement employee engagement strategies and practices to support team building and employment inclusion and engagement. The Department is also developing an overall employee engagement strategy to improve employee perceptions and address their concerns.

Diversity. The Department also values a diverse workforce and seeks to promote diversity in a number of ways. The Department also recognizes that its law enforcement agencies can face particular challenges, but those law enforcement agencies are committed to promoting diversity and have taken steps to do so.

For instance, DEA has instituted several additional mechanisms to address gender equity, including establishing a gender equity working group, developing a new marketing and branding recruitment campaign, and conducting diversity workshops and a soon-to-be newly published Equal Employment Opportunity newsletter—all to focus on gender equity and diversity within DEA. While DEA has focused on identifying gender barriers, it has also focused on diversity as a whole and the promotion of an equitable culture.

The USMS received Excepted Service Hiring Authority in July 2018, as authorized by the July 10, 2018 Executive Order titled "Establishing an Exception to Competitive Examining Rules for Appointment to Certain Positions in the United States Marshals Service, Department of Justice." During FY 2019, the USMS Human Resources Division (HRD) worked closely with the Training Division (TD), the Office of Equal Employment Opportunity (OEEO), and district subject-matter experts to implement this authority to hire Deputy United States Marshals (DUSMs). Significant progress has been made in a short period of time. The 94 districts were organized by region, and segmented into five recruiting "waves" that were conducted throughout the year as follows:

- Wave 1 – Atlantic Coast and Southwest Border District Regional Groups
- Wave 2 – Northwest and Mid-Atlantic District Regional Groups
- Wave 3 – North Central and Midwest District Regional Groups
- Wave 4 – South Central and Southeast District Regional Groups
- Wave 5 – New England and Outside Continental United States District Regional Groups

The recruiting initiative included identifying and training district recruitment officers; working with districts and the OEEO to develop customized strategic outreach plans to help improve the diversity of the applicant pool; hosting nationwide informational sessions; conducting interviews; assessing applicants; and ultimately issuing tentative offer letters. As of September 2019, the USMS has hosted more than 130 information sessions across the 94 district offices, reaching nearly 4,000 candidates; conducted more than 1,300 agency structured interviews in multiple locations throughout the country; posted three invitational announcements for DUSMs; and invited approximately 1,040 candidates to apply. By the end of June 2019, the USMS issued its first 242 tentative offers. A second set of tentative offers will be issued in the fall of 2019.

Attendees of the information sessions as well as those who end up taking an interview are provided an opportunity to self-identify their gender (along with race and national origin/disability information), which is provided to the USMS OEEO for tracking and review. OPM will also collect the same type of information on the applicants who actually apply to the announcement and will provide it to the USMS OEEO upon request once the announcement has closed. Once candidates are placed into vacant positions and start at the Training Academy, the USMS will be able to start measuring the success of this hiring authority on increasing the number of women in the ranks of the operational workforce.

At the conclusion of this pilot phase of information sessions/interviews, HRD, in collaboration with the Chief of District Affairs and the OEEO, will conduct an evaluation of the efficiency and effectiveness of the new process, analyze any statistics available to the USMS, and make any necessary adjustments to recruitment plans and USMS outreach. Subsequent recruitment waves in FY 2020 will be determined by the number of available applicants in the hiring pool, the number of vacant positions funded for backfill, and the number of class seats available in Basic Deputy United States Marshal classes. HRD and OEEO will work with the districts/regions where more applicants are needed to revise recruitment plans as needed to target appropriate applicants and continue the excepted service hiring process.

Regarding training, over the last year, the USMS TD has publicized and made available many opportunities for employees, regardless of gender. TD uses training classes and the National Management Conference to remind USMS employees of available training opportunities. TD provides leadership training from the Treasury Executive Institute (TEI) that is available to all GS-14 and above employees of the USMS. All women and men at the GS-14 level and above can register and complete this training remotely free of charge at any time. They can work toward a Leadership Fundamentals certificate, an Evolving Leaders Certificate, and a Practitioners Certificate. They can also take training based on building their skills in an Executive Core Qualifications or take leadership courses that appeal to them and/or have been identified as a need for themselves. The TEI coaching program is available by application for those interested in either coaching or to be coached.

To ensure that the USMS has an objective and transparent merit promotion process, the USMS has been in the process of redesigning the process for promoting its operational workforce into GS-1811-13, GS-1811-14 and GS-1811-15 positions. The GS-13 and GS-14 process redesign is complete and the GS-15 process will be completed within the first quarter of FY 2020. TD has created a course within LearnUSMS to develop the competencies assessed in the GS-13 merit promotion assessments and expects it will be delivered to employees by the end of the first quarter of FY 2020. TD has also mapped courses to all of the identified GS-14 competencies and anticipates launching these classes in the second quarter of FY 2020. Moving forward, the USMS will be implementing a development program, administered through the Learning Management System, to address continued employee growth and preparation for advancement opportunities. The program will use the identified competencies at each grade and assign training requirements to help the employees achieve those competencies, regardless of gender.

Through the MD-715 reporting process, the U.S. Equal Employment Opportunity Commission (EEOC) requires agencies to conduct a thorough annual self-assessment to identify equity issues and other barriers to full employment. To accomplish this task, the EEOC provides agencies with a pre-designed self-assessment tool to elicit information about the agency's Equal Employment Opportunity and related programs and policies. The USMS OEEO completed the USMS self-assessment for FY 2018 and no barriers were identified. The analysis of FY 2019 workforce data will be completed in FY 2020. During the reporting period, 48 female employees participated in various national training conferences designed to enhance their skill sets and expand their professional networks. The FY 2019 training opportunities included conferences held by national law enforcement organizations, including the National Association of Blacks in Criminal Justice, Women in Federal Law Enforcement, National Organization of Black Law Enforcement Executives, National Asian Peace Officers' Association, National Association of Women Law Enforcement Executives, National Native American Law Enforcement Association, National Latino Peace Officers Association, and International Association of Women Police.

Succession Planning. The Department has requested dual compensation waivers to temporarily address immediate and emergency skills gaps, as well as to re-employ annuitants with the institutional knowledge and subject-matter expertise to develop pipeline and bench strength for mission critical and critical shortage positions as Department components continue to develop their succession plans.

FMFIA § 2 – FINANCIAL REPORTING MATERIAL WEAKNESS

U.S. DEPARTMENT OF JUSTICE **Corrective Action Plan** **Issue and Milestone Schedule**	**Report Date** September 30, 2019	
Issue Title Improvements Needed in Financial Statement Compilation and Review Controls	**Issue ID** 01DOJ001	**Component Name** Department

Issue Category

FMFIA § 2 Operations ☐ **Significant Deficiency** ☐ **Material Weakness**

FMFIA § 2 Financial Reporting ☐ **Significant Deficiency** ☒ **Material Weakness**

FMFIA § 4 ☐ **Financial Management Systems Do Not Comply with Financial System Requirements**

Issue Category – SAT Concurrence or Recategorization

Concur

Issue Description

The compilation of the Department's consolidated financial statements is a complex process and dependent on Department components entering complete and accurate information in the Department's financial management systems on a timely basis and providing other data to the JMD Finance Staff. The Department's multi-year implementation of UFMS has facilitated the compilation process. However, during years when Department components convert to UFMS, significant challenges can arise. Further, challenges can be compounded when the Department adopts new accounting standards, which occurred in FY 2019.[1]

The auditors conducting the audit of the FY 2019 financial statements noted that improvements are needed in financial statement compilation and review controls. Significant conversion issues were identified in the migration of the Department's Working Capital Fund Activity to UFMS, and errors occurred in the reporting required by new accounting standards. In addition, information provided by components for financial statement amounts and footnote disclosures contained material misstatements.

The auditors noted that the Department subsequently addressed the errors identified above in the Department's year-end financial statements. To address this material weakness, JMD will enhance controls over UFMS conversion activities and financial statement compilation and review; provide additional guidance and training to Department components; and increase oversight to prevent, detect, and correct errors in financial reporting.

[1] During FY 2019, the Department adopted the Statement of Federal Financial Accounting Standards No. 53, *Budget and Accrual Reconciliation*.

Business Process Area (Applicable for FMFIA § 2 Financial Reporting Only)

Financial Reporting

Date First Identified	**Original Target Completion Date**	**Current Target Completion Date**	**Actual Completion Date**
November 2019	9/30/2020	9/30/2020	

Issue Identified By	**Source Document Title**
KPMG and DOJ OIG	Audit of FY 2019 Consolidated Financial Statements

Description of Remediation

Correct deficiencies found during the FY 2019 OMB A-123 testing and the DOJ financial statement audit by enhancing senior management review and expanding financial management training for staff to ensure transaction level activity is processed accurately in the financial system.

Milestones	**Original Target Date**	**Current Target Date**	**Actual Completion Date**
1. Issue FY 2020 OBD Accrual Guidance with additional emphases on management's oversight and review of the transactions.	12/31/2019		
2. Review and update the Departmental Financial Statement Preparation Guide to address new accounting standards and changes to OMB Circular A-136.	01/31/2020		
3. Ensure Quarterly Department's Financial Statement Working Group meetings highlight new accounting standards and the standards are incorporated in the quarterly financial statements.	Quarterly during FY 2020		
4. Ensure that the reconciliation, review, and approval processes for the conversion of open balances into UFMS is complete, accurate, and timely. Results will be shared with leadership of the components scheduled for UFMS conversion at monthly Senior Leadership meetings.	Monthly during FY 2020. Go-live scheduled for October 2020		
5. Continue to enhance and document processes and procedures for UFMS conversion activities and financial statement compilation and review.	On-going during FY 2020		
6. Expand overall financial management, budget execution, and reimbursable activity training for Department components.	On-going during FY 2020		

Reason for Not Meeting Original Target Completion Date

Not Applicable

Status of Funding Available to Achieve Corrective Action

Funding Available

Planned Measures to Prevent Recurrence

JMD will enhance controls over UFMS conversion activities and financial statement compilation and review; provide additional guidance and training to Department components; and increase oversight to prevent, detect, and correct errors in financial reporting.

Validation Indicator

Results are measured by the number and dollar amount of errors identified during testing of interim and year-end financial transactions and the review of interim and annual financial statements.

Organizations Responsible for Corrective Action

JMD Finance Staff with assistance from Department Components

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 Exhibit I of the *Independent Auditors' Report* of this final report. In response to the *Independent Auditors' Report*, the Department concurred with the recommendations and discussed the actions it will implement in response to the finding. As a result, the status of the report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for the Department:

1. **Assess reconciliation, financial reporting review, and other monitoring controls, and identify those areas where component management could increase the rigor and precision of those controls. *(Updated)***

   Resolved. The Department concurred with the recommendation. The Department stated in its response that it will enhance its internal control reviews over month and quarter-end component financial reporting and operations. In addition, it will continue to assess processes to identify areas where Offices, Boards and Division component management can increase the rigor and precision of financial management transaction processing. Lastly, it plans to expand overall financial management, budget execution and reimbursable activity training for Department components.

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

2. **Enhance the Department'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. *(Repeat)***

   Closed. Because this is a repeat, we are closing this recommendation and tracking the status of corrective action through recommendation No. 4 of the FY 2018 Audit of the U.S. Department of Justice Annual Financial Statements (OIG Report No. 19-02).

3. **Enhance controls over conversion activities to ensure converted information in Unified Financial Management System (UFMS) has the necessary attributes and indicators.** ***(New)***

   Resolved. The Department concurred with the recommendation. The Department stated in its response that it will 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. In addition, the Department 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. Lastly, it plans to review previously converted funds in UFMS to further validate the integrity of the conversions.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently enhanced controls over conversion activities to ensure converted information in UFMS has the necessary attributes and indicators.

4. **Revise its training processes associated with the implementation of new accounting standards.** ***(New)***

   Resolved. The Department concurred with the recommendation. The Department stated in its response that it will review, upon issuance, all changes to OMB A-136, Financial Reporting Requirements that would require updates to the Departmental Financial Statement Requirements and Preparation Guide. In addition, the Department will ensure implementation of new accounting standards are highlighted in the Department's Financial Statement Working Group meetings and are incorporated in the quarterly financial statements in a timely manner.

   This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has sufficiently revised its training processes associated with the implementation of new accounting standards.

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 under OMB Circular A-123, Appendix C, Part I.D, agencies shall identify the:

- **program/activity outlays, estimated amount of payments that were properly paid, estimated amount improperly paid, estimated amount within the improperly paid that is unknown due to inability to discern whether a payment was proper as a result of insufficient or lack of documentation and their respective percentages for each by program or activity for the current fiscal year;**
- **estimated amount within the improperly paid estimate attributed to monetary loss, non-monetary loss, and unknown, and their respective percentages 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 and type of improper payment 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 I.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. Agencies should also describe the results of actions taken to address the root causes and the planned or actual completion date of the actions taken to address each root cause. If the agency does not have a corrective action plan for a particular root cause, they must provide justification for not having such a plan.**

Based on the results of the FY 2019 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.

[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).

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 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.

b. Agencies shall discuss payment recapture audit efforts, including:

- **the actions and methods used by the agency to recoup overpayments,**
- **a justification of any overpayments that have been determined to be not collectible, and**
- **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 2019, 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 2019, 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 Errors*. 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 also largely fell within the OMB-defined error category of *Administrative or Process Errors*. 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, 2019, the Department achieved an annual payment recapture rate of 133.7 percent.[4] The table below provides additional detail on the $8.81 million in overpayments identified in FY 2019 through the Department's payment recapture audit program and the $11.78 million of recaptured funds. Management also determined $0.85 million to be not collectible, the majority of which related to unallowable expenditures by three grantees in fiscal distress ($0.80 million or 94.1 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, the agency must 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**
- **the 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 2019 through the Department's payment recapture audit activities ($8.81 million), as well as overpayments identified outside of such activities, i.e., through audits conducted by the DOJ OIG ($2.42 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 2019 Amount Identified	FY 2019 Amount Recaptured	FY 2019 Recapture Rate (%)	FY 2019 Amount Identified	FY 2019 Amount Recaptured	FY 2019 Recapture Rate (%)
Administrative, Technology, and Other	$1.79	$1.91	106.7%[4]	$0.03	$0.03	100.0%
Litigation	$3.02	$3.00	99.3%	$0.00	$0.03	–
Law Enforcement	$1.02	$1.73	169.6%[4]	$0.54	$0.00	0.0%
State, Local, Tribal, and Other Assistance	$1.72	$2.90	168.6%[4]	$1.85	$2.11	114.1%[4]
Prisons and Detention	$1.26	$2.24	177.8%[4]	$0.00	$0.01	–
TOTAL	$8.81	$11.78	133.7%[4]	$2.42	$2.18	90.1%

[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 2019 of improper payments identified in previous years.

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

The following table provides the disposition information for the overpayments recaptured in FY 2019 through the Department's payment recapture audit activities. As shown in the table, $11.33 million of the $11.78 million recaptured (or 96.2 percent) was returned to the original purpose for which the payments were made.

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

DOJ Mission-Aligned Program	Amount Recaptured in FY 2019	Disposition: Returned to Original Purpose	Disposition: Returned to Treasury	Disposition: Agency Expenses to Administer the Program
Administrative, Technology, and Other	$1.91	$1.91	$0.00	$0.00
Litigation	$3.00	$3.00	$0.00	$0.00
Law Enforcement	$1.73	$1.73	$0.00	$0.00
State, Local, Tribal, and Other Assistance	$2.90	$2.45	$0.44	$0.01
Prisons and Detention	$2.24	$2.24	$0.00	$0.00
TOTAL	$11.78	$11.33	$0.44	$0.01

e. Agencies shall report an aging schedule of the overpayments identified through the payment recapture audit program that are outstanding, including the percent such amounts represent 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 the aging 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 $3.48 million in overpayments identified through payment recapture audit activities that was outstanding (not recaptured) as of the end of FY 2019. Of the $3.48 million, $0.83 million (or 23.9 percent) was outstanding 0 to 6 months; $0.37 million (or 10.6 percent) was outstanding 6 months to 1 year; $1.43 million (or 41.1 percent) was outstanding over 1 year; and $0.85 million (or 24.4 percent) was determined to be not collectible. The $0.85 million determined to be not collectible represents 9.6 percent of the $8.81 million in total overpayments identified through payment recapture audit activities in FY 2019.

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	$0.01	$0.00	$0.09	$0.00
Litigation	$0.01	$0.23	$0.44	$0.01
Law Enforcement	$0.08	$0.08	$0.20	$0.01
State, Local, Tribal, and Other Assistance	$0.66	$0.00	$0.62	$0.83
Prisons and Detention	$0.07	$0.06	$0.08	$0.00
TOTAL	$0.83	$0.37	$1.43	$0.85
Percent of Outstanding Overpayments	23.9%	10.6%	41.1%	24.4%

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

Agencies should provide a brief narrative of the reduction 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 2019 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.

Not applicable. Based on the results of the FY 2019 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 2019 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 used to estimate the improper payment rate for each program. Agencies that were granted OMB approval to

use a non-statistically valid sampling and estimation methodology under OMB Circular A-123, Appendix C, Part I.D.2., must also include the justification for using the non-statistical methodology.

The sampling and estimation requirements were not applicable to the Department in FY 2019. Based on the results of the FY 2019 Department-wide risk assessment, there were no programs and activities susceptible to significant improper payments. This remains unchanged from FY 2018.

In FY 2018, the Department received approximately $85.2 million under the Bipartisan Budget Act of 2018 (Public law 115-123) for activities to respond to and recover from hurricanes, wildfires, and other natural disasters. Two Department programs received Bipartisan Budget Act funds – the Prisons and Detention Program and Law Enforcement Program. OMB required agencies to designate programs or activities expending $10 million in Bipartisan Budget Act funds in any one fiscal year as susceptible to significant improper payments. Neither DOJ program met that threshold.

VIII. Risk Assessment.

Agencies performing improper payment risk assessments during the fiscal year may include a description of the assessments, including the risk factors considered. In addition, agencies should discuss the basis for any groupings of programs or activities and highlight any changes they 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 2019, 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 2019 did not change from FY 2018. For FY 2019, the methodology again included assessing risk against various risk factors and for various payment types. In addition, the results of the FY 2019 risk assessment did not change from FY 2018. For FY 2019, 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.

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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.

Acronyms

A

ACM	Asbestos Containing Materials
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
AOUSC	Administrative Office of the United States Courts
APR	Annual Performance Report
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division

B

BAR	Budget and Accrual Reconciliation
BJA	Bureau of Justice Assistance
BOP	Federal 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

DATA	Digital Accountability and Transparency Act
DCM	Debt Collection Management
DEA	Drug Enforcement Administration
DEO	Departmental Ethics Office
Department, The	Department of Justice
DOJ	Department of Justice
DOL	Department of Labor
DTO	Drug Trafficking Organization

E

ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
ERM	Enterprise Risk Management
ESCO	Energy Service Companies
ESPC	Energy Savings Performance Contracts

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
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
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.
FRDA	Fraud Reduction and Data Analytics
FTE	Full-Time Equivalent
FY	Fiscal Year

G

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

H

HHS	Department of Health and Human Services

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

PAR	Performance and Accountability Report
PHS	Public Health Services
PSOB Act	Public Safety Officers’ Benefits Act of 1976
PTO	Priority Threat Organizations
PY	Prior Year/Previous Year
P3	Public-Private Partnerships

R

RCA	Reports Consolidation Act of 2000
RECA	Radiation Exposure Compensation Act
RI/FS	Remedial Investigation/Feasibility Study
RLUIPA	Religious Land Use and Institutionalized Persons Act

S

SADF	Seized Asset Deposit Fund
SAM	System for Award Management

SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SCAAP	State Criminal Alien Assistance Program
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal
SOR	Strategic Objective Review

T

TAX	Tax Division
TEPP	Threat Enforcement Prioritization Process
TJSIP	Tribal Justice Systems Infrastructure Program
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

VCF	Victim Compensation Fund
VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing
VSSTF	Victims of State Sponsored Terrorism Fund

APPENDIX D

Department Websites

Component	Website
Asset Forfeiture Fund (AFF)	www.justice.gov/afp/fund
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.gov/programs/aiana.htm
Antitrust Division	www.justice.gov/atr
Bureau of Alcohol, Tobacco, Firearms and Explosives	www.atf.gov/
Bureau of Justice Assistance (OJP)	www.bja.gov/
Bureau of Justice Statistics (OJP)	www.bjs.gov/
Civil Division	www.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	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/
Federal Prison Industries	www.unicor.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)	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	www.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)	www.ovc.gov/
Office on Violence Against Women	www.justice.gov/ovw
Organized Crime Drug Enforcement Task Force (OCDETF)	www.dea.gov/organized-crime-drug-enforcement-task-force-ocdetf
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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Thank you for your interest in the *Department of Justice FY 2019 Agency Financial Report.* We welcome your comments and suggestions on how we can improve this report for FY 2020. Please email any comments to: performance@usdoj.gov

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https://www.justice.gov/doj/fy-2019-agency-financial-report

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