



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 its Strategic Plan for fiscal years (FY) 2007-2012, 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 the Law. Upholding the laws of the United States is the solemn responsibility entrusted to us by the American people. We enforce these laws fairly and uniformly to ensure that all Americans receive equal protection and justice under the law.

Honesty and Integrity. We adhere to the highest standards of ethical behavior.

Commitment to Excellence. We seek to provide the highest levels of service to the American people. We are effective and responsible stewards of the taxpayers' dollars.

Respect for the Worth and Dignity of Each Human Being. We treat each other and those we serve with fairness, dignity, and compassion. We value differences in people and ideas. We are committed to the well-being of our 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 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: <http://www.justice.gov>.

The table below provides an overview of the Department’s strategic goals and objectives.

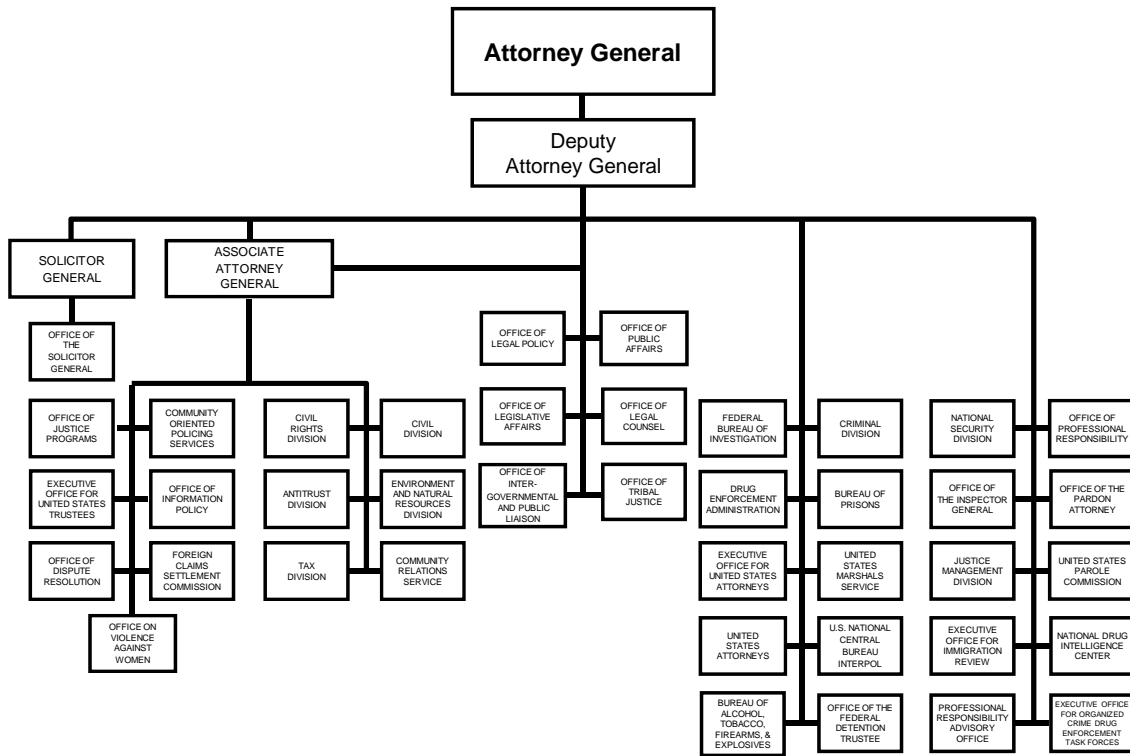
Strategic Goal	Strategic Objectives
I	<p>Prevent Terrorism and Promote the Nation’s Security</p> <p>1.1 Prevent, disrupt, and defeat terrorist operations before they occur</p> <p>1.2 Strengthen partnerships to prevent, deter, and respond to terrorist incidents</p> <p>1.3 Prosecute those who have committed, or intend to commit, terrorist acts in the United States</p> <p>1.4 Combat espionage against the United States</p>
II	<p>Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People</p> <p>2.1 Strengthen partnerships for safer communities, and enhance the Nation’s capacity to prevent, solve, and control crime</p> <p>2.2 Reduce the threat, incidence, and prevalence of violent crime</p> <p>2.3 Prevent, suppress, and intervene in crimes against children</p> <p>2.4 Reduce the threat, trafficking, use, and related violence of illegal drugs</p> <p>2.5 Combat public and corporate corruption, fraud, economic crime, and cybercrime</p> <p>2.6 Uphold the civil and Constitutional rights of all Americans</p> <p>2.7 Vigorously enforce and represent the interests of the United States in all matters over which the Department has jurisdiction</p> <p>2.8 Protect the integrity and ensure the effective operation of the Nation’s bankruptcy system</p>
III	<p>Ensure the Fair and Efficient Administration of Justice</p> <p>3.1 Protect judges, witnesses, and other participants in federal proceedings, and ensure the appearance of criminal defendants for judicial proceedings or confinement</p> <p>3.2 Ensure the apprehension of fugitives from justice</p> <p>3.3 Provide for the safe, secure, and humane confinement of detained persons awaiting trial and/or sentencing and those in the custody of the Federal Prison System</p> <p>3.4 Provide services and programs to facilitate inmates’ successful reintegration into society, consistent with community expectations and standards</p> <p>3.5 Adjudicate all immigration cases promptly and impartially in accordance with due process</p> <p>3.6 Promote and strengthen innovative strategies in the administration of state and local justice systems</p> <p>3.7 Uphold the rights and improve services to America’s crime victims</p>

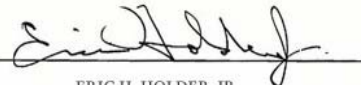
Organizational Structure

Led by the Attorney General, the Department is comprised of more than forty separate component organizations. 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 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 U.S. Trustees (UST), the Office of the Federal Detention Trustee (OFDT), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the National Drug Intelligence Center (NDIC), 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:  DATE: Apr. 30, 2010
 ERIC H. HOLDER, JR.
 ATTORNEY GENERAL

Financial Structure

The Department's financial reporting structure is comprised of nine principal components and various Offices, Boards, and Divisions (OBDs).

Components:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- 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 Force
National Drug Intelligence Center
Office of Community Oriented Policing Services
Office of Dispute Resolution
Office of Information Policy
Office of Intergovernmental and Public Liaison
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Federal Detention Trustee
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
U.S. National Central Bureau - INTERPOL

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 2011 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2011. The charts on this page reflect employees on board as of September 24, 2011.

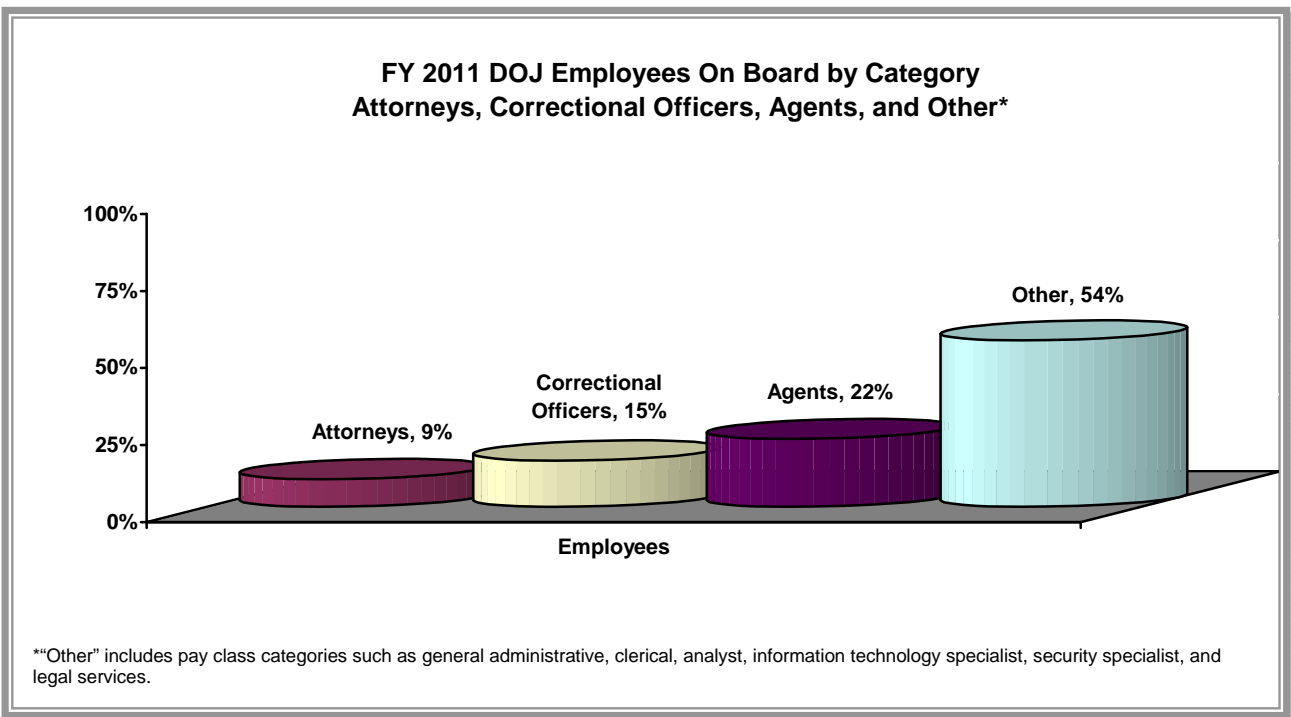
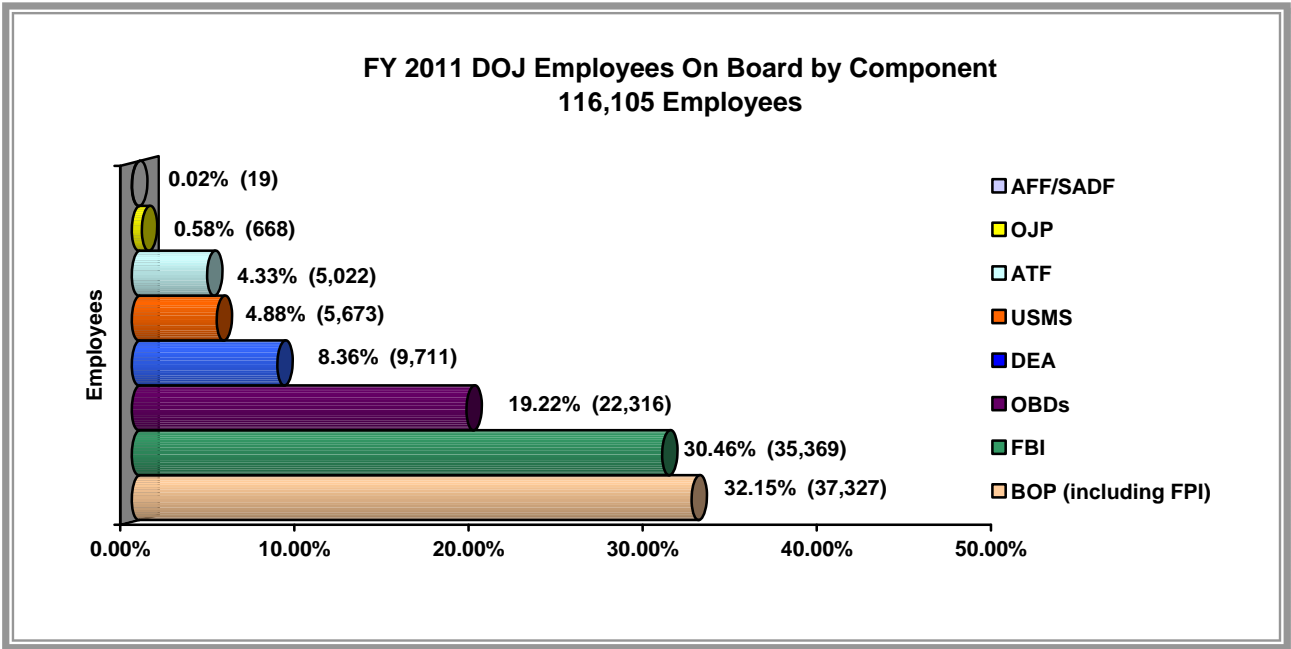


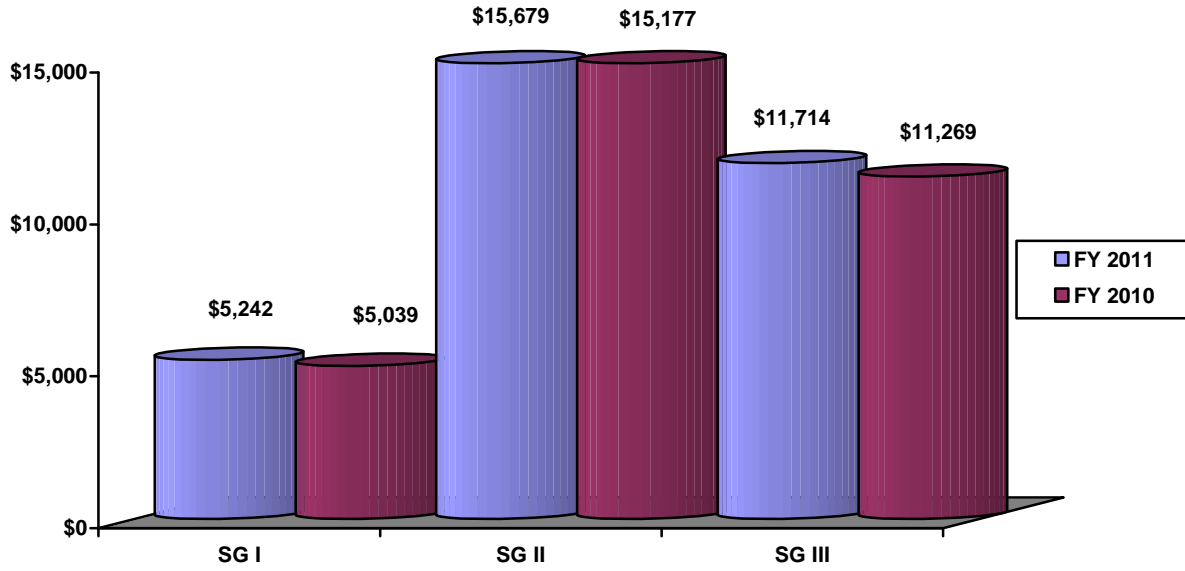
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2011	FY 2010	% Change
Earned Revenue:	\$3,331,777	\$3,275,846	1.7%
Budgetary Financing Sources:			
Appropriations Received	27,479,834	28,342,153	-3.0%
Appropriations Transferred-In/Out	400,839	510,516	-21.5%
Nonexchange Revenues	2,004,395	2,367,453	-15.3%
Donations and Forfeitures of Cash and Cash Equivalents	1,580,584	1,502,466	5.2%
Transfers-In/Out Without Reimbursement	113,735	75,097	51.5%
Other Adjustments	(132,256)	(153,751)	14.0%
Other Financing Sources:			
Donations and Forfeitures of Property	157,607	71,204	121.3%
Transfers-In/Out Without Reimbursement	44,556	(1,889)	2458.7%
Imputed Financing from Costs Absorbed by Others	998,485	902,877	10.6%
Other Financing Sources	(4,613)	0	
Total DOJ Resources	\$35,974,943	\$36,891,972	-2.5%

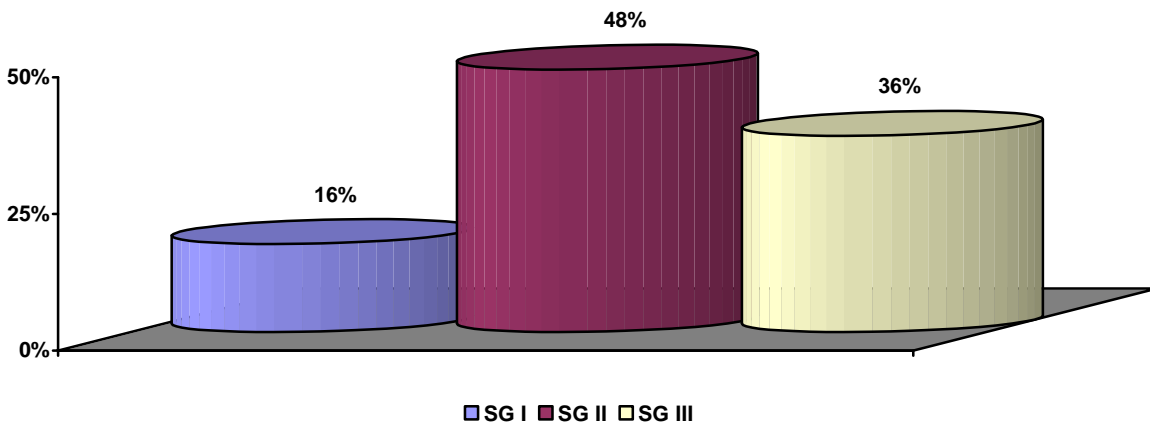
Table 2. How DOJ Resources Were Spent
(Dollars in Thousands)

Strategic Goal (SG)	FY 2011	FY 2010	% Change
I Prevent Terrorism and Promote the Nation's Security			
Gross Cost	\$5,726,094	\$5,545,532	
Less: Earned Revenue	484,009	506,463	
<i>Net Cost</i>	5,242,085	5,039,069	4.0%
II Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
Gross Cost	17,227,131	16,665,443	
Less: Earned Revenue	1,547,697	1,488,093	
<i>Net Cost</i>	15,679,434	15,177,350	3.3%
III Ensure the Fair and Efficient Administration of Justice			
Gross Cost	13,013,658	12,550,173	
Less: Earned Revenue	1,300,071	1,281,290	
<i>Net Cost</i>	11,713,587	11,268,883	3.9%
Total Gross Cost	35,966,883	34,761,148	
Less: Total Earned Revenue	3,331,777	3,275,846	
Total Net Cost of Operations	\$32,635,106	\$31,485,302	3.7%

Comparison of Net Costs by Strategic Goal - FY 2011 and 2010
 (Dollars in Millions)



FY 2011 Percentage of Net Costs by Strategic Goal



Analysis of Financial Statements

The Department's financial statements, which are provided in Section III of this document, received an unqualified audit opinion for the fiscal years ended September 30, 2011 and 2010. These statements were prepared from the accounting records of the Department in conformity 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 2011. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section III of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2011, shows \$42.8 billion in total assets, an increase of \$2.7 billion over the previous year's total assets of \$40.1 billion. Fund Balance with U.S. Treasury (FBWT) was \$23.4 billion, which represented 55 percent of total assets. This increase is predominantly due to large investments activity (deposits) related to the Madoff, Barclays and Adelphia cases that occurred in FY 2011.

Liabilities: Total Department liabilities were \$13.3 billion as of September 30, 2011, an increase of \$2.7 billion from the previous year's total liabilities of \$10.6 billion. This increase is primarily due to the offsetting liability related to the large deposits of the seized cash from the Madoff, Barclays, and Adelphia cases that occurred in FY 2011.

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 \$32.6 billion for the year ended September 30, 2011, an increase of \$1.1 billion (3.7 percent) from the previous year's net cost of operations of \$31.5 billion. This increase is partially due to an increase in third party and equitable sharing payments related to large cases.

Brief descriptions of some of the major costs for each Strategic Goal are as follows:

Strategic Goal	Description of Major Costs
I	Includes resources dedicated to counterterrorism initiatives for ATF, CRM, DEA, FBI, NSD, USAs, and USMS
II	Includes resources for the AFF, ATF, BOP, COPS, CRS, DEA, FBI, Foreign Claims Settlement Commission (FCSC), Organized Crime Drug Enforcement Task Force (OCDEF), Office of Dispute Resolution (ODR), OJP, Office of Legal Counsel, Office of the Pardon Attorney (OPA), Office of the Solicitor General (OSG), OVW, USAs, USMS, U.S. National Central Bureau (INTERPOL), UST, ATR, CIV, CRT, CRM, ENRD, and TAX
III	Includes resources for BOP, EOIR, Fees and Expenses of Witnesses, FPI, OJP, Justice Prisoner Alien Transportation System, USMS, U.S. Parole Commission, and services to America's crime victims

Management and administrative costs, including the costs for the Department's leadership offices, JMD, Wireless Management Office, and others, are allocated to each strategic goal based on full-time equivalent (FTE) employment.¹

Budgetary Resources: The Department's FY 2011 Combined Statement of Budgetary Resources shows \$42.4 billion in total budgetary resources, a decrease of \$403 million from the previous year's total budgetary resources of \$42.8 billion. This decrease is primarily related to the change in the Temporarily not Available Pursuant to Public Law amount.

Net Outlays: The Department's FY 2011 Combined Statement of Budgetary Resources shows \$30.9 billion in net outlays, an increase of \$1 billion from the previous year's total net outlays of \$29.9 billion.

Data Reliability and Validity

The Department views data reliability and validity as critically important in the planning and assessment of its performance. As such, the Department makes every effort to ensure completeness and improve reliability of its performance information by performing "data scrubs" (routine examination of current and historical data sets, as well as looking toward the future for trends) to ensure the data we rely on to make day-to-day management decisions are as accurate and reliable as possible and targets are ambitious enough given the resources provided. In an effort to communicate our data limitations and commitment to providing accurate data, this document includes a discussion of data validation, verification, and any identified data limitations for each performance measure presented. The Department ensures each reporting component providing data for this report meets the following criteria:

At a minimum, performance data are considered reliable if transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management. Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained.

¹ FTE employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees, divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off, and other approved leave categories are considered "hours worked" for purposes of defining FTE employment.

Analysis of Performance Information

According to the Government Performance and Results Act (GPRA) of 1993 and as amended in the GPRA Modernization Act of 2010, an agency's Strategic Plan must 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 will publish a new FY 2012-2016 Strategic Plan in FY 2012.

The Department's FY 2007-2012 Strategic Plan, which contains three goals, is used for this report. The Department's Plan includes 20 key performance measures addressing its highest priorities toward achieving these long-term outcome goals. The measures are included in the Department's annual *Budget and Performance Summary* and reported on in this document. The Department's full Performance Report for these measures, including an update on our progress toward meeting the FY 2012 long-term outcome goals, is included in Section II of this document. The Department strives to present the highest-level outcome-oriented measures available and fully report the accomplishments achieved during the reporting period. However, data for the 20 key measures are compiled less than 30 days after the end of the fiscal year and, occasionally, data for the entire year are not available at the time of publication.

During FY 2011, 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 report, 96 percent of the performance measures have actual data for FY 2011. In some cases, indicators are reported on a calendar year basis while others have a one-year lag time and thus are not included in this report. The Department achieved 80 percent of its key indicators in FY 2011, which is higher than last year's overall success of 77 percent. 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 Department will continue to examine its performance management system overall and implement improvements, where necessary. Additional improvement areas include continuing to improve the quality and utility of performance information, developing the capacity to use performance information through the use of technology and reliable data systems, and continuing to work with OMB and other federal agencies to develop mechanisms to target and measure efficiency of law enforcement and regulatory programs.

In addition to monitoring its annual progress, the Department continues to monitor progress made toward achieving its FY 2012 long-term outcome goals for each of the 20 key performance measures. As of the close of FY 2011, the Department's long-term key measures are on-track for full achievement against its FY 2012 long-term outcome goals (targets). One full year of performance remains until the Department reports against planned progress, and a number of mechanisms are in place to ensure that the current progress is maintained, including quarterly status reporting and performance-informed budget submissions that request the resources necessary for the Department to reach its goals.

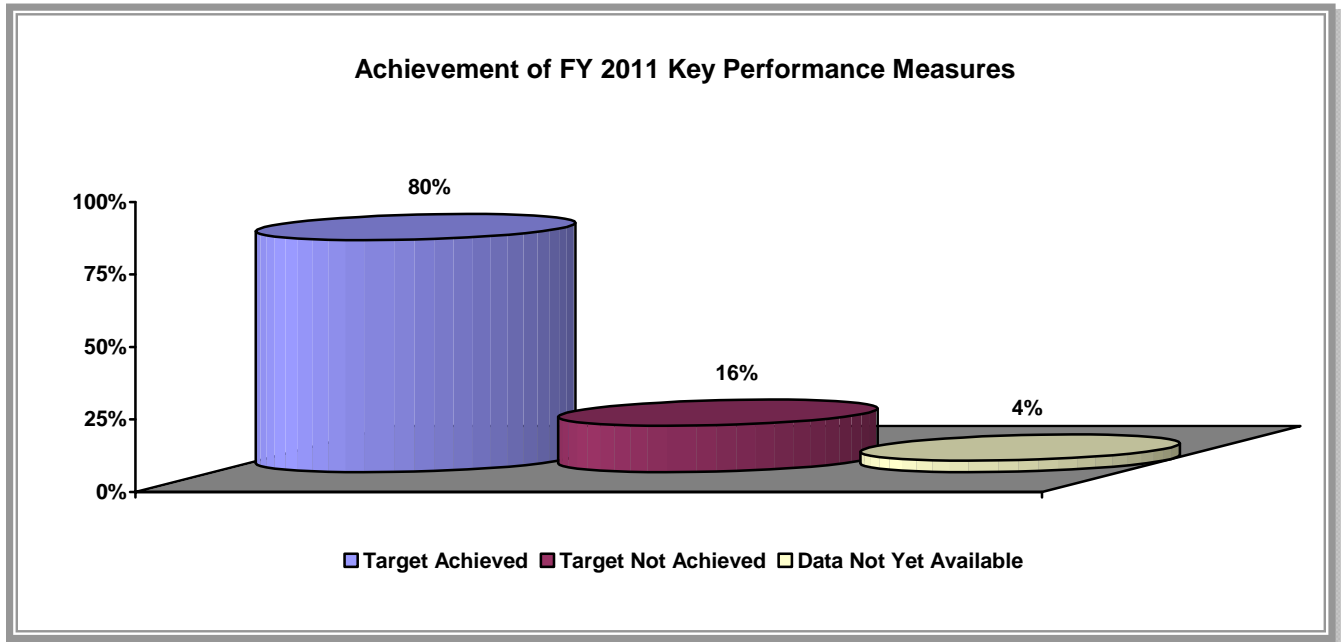
Beginning in FY 2012, the Department will implement its new Strategic Plan for FY 2012-2016. Similar to our existing Plan, the new Plan will include specific long-term outcome goals that reflect the Department's highest priorities. The Department's strategic planning process included a full-scale review of the existing 20 long-term outcome measures. That review revealed that certain goals have been accomplished; some were too output oriented to warrant inclusion on the long-term outcome measure list and some no longer reflected the mission of the reporting components. For the FY 2012-2016 Strategic Plan, the Department will unveil its current list of long-term outcome measures, which will fully align with current priorities and goals. Just as in

the past, the Department's annual *Budget and Performance Summary* will target long-term outcome goals and reported each year in this report.

To prepare for the introduction of the FY 2012-2016 key outcome measures, following the FY 2011 report, the Department will be discontinuing the following measures:

1. Catastrophic acts of terrorism
2. Number of organized criminal enterprises dismantled
3. Number of children depicted in child pornography identified by the FBI
4. Number of high-impact Internet fraud targets neutralized
5. Percent of assets/funds returned to creditors – Chapter 7; Chapter 13
6. Percent reduction in DNA backlog (casework only)
7. Percent of children recovered within 72 hours of an issuance of an AMBER alert
8. Number of participants in the Residential Substance Abuse Treatment (RSAT) Program
9. Graduation rate of program participants in the Drug Courts Program
10. Per day jail costs
11. Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates
12. Rate of serious assaults in federal prisons (per 5,000 inmates)
13. Inspection results—Percent of federal facilities with American Correctional Association (ACA) accreditations
14. Percent of Executive Office for Immigration Review (EOIR) priority cases completed within established timeframes
 - a. Institutional Hearing Program
 - b. Detained Cases – Immigration Court
 - c. Detained Appeals

The chart below and the table that follows summarize the Department's achievement of its FY 2011 key performance measures.



Note: For FY 2011, the Department of Justice had 20 key performance measures. Some measures had more than one annual target; therefore, for purposes of illustrating the Department's achievement rate in the chart above, a universe of 25 key performance measures instead of 20 was used.

	[] Designates the reporting entity	FY 2011 Target	FY 2011 Actual	Target Achieved/ Not Achieved
Strategic Goal I: Prevent Terrorism and Promote the Nation's Security				
1	Catastrophic acts of terrorism [FBI]	Zero	Zero	Achieved
Strategic Goal II: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People				
2	Number of organized criminal enterprises dismantled [FBI]	37	39	Achieved
3	Number of children depicted in child pornography identified by the FBI [FBI]	140	240	Achieved
	Percentage of firearms investigations resulting in a referral for criminal prosecution [ATF] (Discontinued) ¹	N/A	N/A	N/A
¹ ATF is discontinuing this measure and will be replaced with a new outcome measure linked to ATF strategic plan's goals and objectives.				
4	Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data - OCDEF)]			
	Dismantled	157	195	Achieved
	Disrupted	318	408	Achieved
5	Number of high-impact Internet fraud targets neutralized [FBI]	10	11	Achieved
6	Number of criminal enterprises engaging in white-collar crimes dismantled [FBI]	250	340	Achieved
7	Percent of cases favorably resolved: [ENRD, ATR, CRM, USA, TAX, CIV, CRT (Consolidated data - JMD/Budget Staff)]			
	Criminal Cases	90%	93%	Achieved
	Civil Cases	80%	85%	Achieved
	Percent of assets/funds returned to creditors: [USTP] (Discontinued) ²			
	Chapter 7	N/A	N/A	N/A
	Chapter 13	N/A	N/A	N/A
² USTP is discontinuing this measure. New measures have been developed that better reflect the mission, outcomes and impacts of the USTP.				
	Number of homicides per site (funded under the Weed and Seed program) [OJP] (Discontinued) ³	N/A	N/A	N/A
³ This measure will be replaced with a new outcome measure which collects and analyzes the number of homicides, robberies, aggravated assaults, burglaries, weapons offenses, and drug arrests on the Weed and Seed site, and calculates and tracks the average change in proportion to the overall crime rate of the jurisdiction. The existing measure only reports on homicides because data on the other offenses are harder to collect.				
8	Percent reduction in DNA backlog (casework only) [OJP]	25%	33%	Achieved
9	Percent of children recovered within 72 hours of an issuance of an AMBER alert [OJP]	76%	90%	Achieved

	[] Designates the reporting entity	FY 2011 Target	FY 2011 Actual	Target Achieved/ Not Achieved
Strategic Goal III: Ensure the Fair and Efficient Administration of Justice				
10	Number of participants in the Residential Substance Abuse Treatment (RSAT) Program [OJP]	28,000	TBD ⁴	TBD
⁴ Data are collected on a calendar-year basis and reported with a one-year lag.				
11	Graduation rate of program participants in the Drug Courts Program (adult drug court participants only) [OJP]	73%	43%	Not Achieved ⁵
⁵ In FY 2011, OJP established a new graduation rate target based on both historical grantee reporting and extensive research into a national average drug court graduation rate.				
12	Ensure judicial proceedings are not interrupted due to inadequate security [USMS]	Zero	Zero	Achieved
13	Number and percent of primary felony fugitives apprehended or cleared [USMS]			
	Number	34,000	34,629	Achieved
	Percent	56%	52%	Not Achieved ⁶
⁶ While the target number was met for this measure, the percentage target of 56% was not met due to a larger than expected increase in the number of wanted primary federal felony fugitives.				
14	Per day jail costs [OFDT]	\$74.02	\$72.88	Achieved
15	Percent of system-wide crowding in federal prisons [BOP]	38%	39%	Not Achieved ⁷
⁷ BOP was not able to achieve the target due to greater than expected inmate growth and lack of funding to bring on-line the medium security beds at FCI Mendota.				
16	Ensure zero escapes from secure BOP facilities [BOP]	Zero	Zero	Achieved
17	Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates [FPI / BOP provides data]			
	Percentage less likely to recidivate: 3 years after release	15%	12%	Not Achieved ⁸
⁸ The results of this ongoing research may differ from earlier findings due to changes in the program, improved research methods, changes in the composition of the inmate population, and changes in the quality and comprehensiveness of data. Comparing results from one year to the next is inherently speculative.				
18	Rate of serious assaults In federal prisons (per 5,000 Inmates) [BOP]	16/5,000 Assaults/Inmates	10/5,000	Achieved
19	Inspection results—Percent of federal facilities with American Correctional Association (ACA) accreditations [BOP]	99%	100%	Achieved
20	Percent of Executive Office for Immigration Review (EOIR) priority cases completed within established timeframes [EOIR]			
	Institutional Hearing Program	85%	88%	Achieved
	Detained Cases – Immigration Court	85%	88%	Achieved
	Detained Appeals	90%	94%	Achieved

FY 2010 – 2011 Priority Goals

The FY 2011 OMB Budget and Performance Plan guidance memorandum required federal agencies 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 should also represent critical elements of a federal agency's strategic plan.

The following comprise the Department's six Priority Goals for FY 2010–2011 and are linked to the larger DOJ policy framework and strategic plan goals.

Priority Goal 1, National Security: Increase the percentage of total counterterrorism investigations targeting top priority threats by 5 percent by the end of FY 2011

Terrorism remains a serious threat to the national security of the United States and the safety of all Americans. The Department of Justice is the leader of the nation's domestic counterterrorism efforts, and the Federal Bureau of Investigation (FBI) has the lead role in investigating both international and domestic terrorism within the United States and terrorism against U.S. persons and interests abroad. The FBI Counterterrorism Division (CTD) includes both the Domestic Terrorism and International Terrorism programs. Accordingly, this Priority Goal involves increasing the percentage of total counterterrorism investigations targeting both top priority domestic and international terrorism threats. With more investigations targeting high priority terrorist threats, the FBI is better positioned to detect, penetrate, and disrupt the most serious terrorist activity that threatens our country.

- Status: The Department did not achieve its FY 2011 goal of targeting 65.1 percent of all counterterrorism investigations toward Top Priority threats, having achieved 62.7 percent. The Department's inability to achieve the target for this measure is believed to stem from several causes:
 - Principally, the counterterrorism threats which comprise the FBI's "top priority" have evolved since this measure was adopted at the end of FY 2009. New threats have emerged, requiring the diversion of resources away from the threats originally defined to be within the scope of this measure. Because of these emerging threats, the FBI's performance on this measure appears unresponsive, when in actuality the FBI has allocated its investigative resources properly against the most significant counterterrorism threats.
 - Additionally, data collection for this Priority Goal has led to improved accounting for investigative resources within the FBI's Counterterrorism Division (CTD). The CTD now follows various strategies to better track its investigations against priority threats, including guidance it provides to FBI Field Offices on how to appropriately classify investigations, and a stronger internal review process which can identify new threats and aid FBI Field Offices in their response.
 - The FBI anticipates that these actions will improve its response capability for terrorist threats facing the United States.

Priority Goal 2, White Collar Crime: Increase white collar crime caseload by 5 percent by FY 2012, with emphasis on mortgage fraud, health care fraud, and official corruption, and with 90 percent of cases favorably resolved

The Department will pursue criminal and civil litigation to protect the federal fisc and hold accountable corrupt officials and those who commit fraud. The Department will also pursue criminal and civil litigation to preserve the environment and our limited natural resources, and promote transparency in markets by preserving competition and protecting consumers and investors.

- Status: The Department surpassed its FY 2011 caseload target. In addition, the Department favorably resolved 92.6 percent of its white collar crime cases through the fourth quarter, surpassing its annual target.

Priority Goal 3, Violent Crime: Increase agents and prosecutors by 3 percent, in order to reduce incidents of violent crime in high crime areas by FY 2012

The Violent Crime Priority Goal focuses on the aspects of the Department's overall violent crime strategy that involve tackling uniquely federal issues, such as prosecuting national and international gangs, and partnering with state and local law enforcement to lend support in addressing the most significant local challenges. The Department's value is in providing the leadership necessary to bring different federal, state, and local partners together to focus on multi-jurisdictional problems within a particular community.

- Status: The Department surpassed its FY 2011 annual target of increasing the number of agents and prosecutors assigned to violent crime.

Priority Goal 4, Immigration: Increase immigration judges by 19 percent by the end of FY 2011 so that as Department of Homeland Security (DHS) criminal alien enforcement activity increases, not less than 85 percent of the immigration court detained cases are completed within 60 days

An increased number of immigration judges will help the DOJ Executive Office for Immigration Review keep up with the workload created by increased enforcement against criminal aliens by the DHS, so that the immigration courts can continue to complete at least 85 percent of detained cases within 60 days.

- Status: The Department was unable to meet its targeted increase of immigration judges due to the Department-wide hiring freeze and the FY 2011 enacted funding level, which was \$19 million less than the FY 2011 President's Budget request; \$11 million of that reduction would have funded 21 additional immigration judges. The Department did, however, complete 88 percent of detained immigration court cases within 60 days, surpassing its target.

Priority Goal 5, Public Safety: Support 7,200 additional police officers by FY 2012 via Office of Community Oriented Policing Services (COPS) Hiring Programs to promote community policing strategies that are evidence-based

The Department's COPS Office goal is to support 7,200 additional police officers by FY 2012 via COPS Office Hiring Programs to promote community policing strategies that are evidence-based. This Priority Goal also addresses efforts to enhance the ability of the officers funded (or redeployed veterans) to use community policing strategies that are evidenced based.

- Status: The Department supported 7,115 officers via COPS Office Hiring Programs through the fourth quarter of FY 2011, narrowly missing its target of 7,200 by barely more than one percent. The target of 7,200 was based in part on estimated cost of living adjustments (COLAs). The COLA costs in FY 2010 and FY 2011 were greater than anticipated, reducing available resources to support additional officers. The FY 2011 enacted funding level was less than anticipated. While significant progress toward this Priority Goal was made, the goal was not achieved by the end of FY 2011. The COPS Office anticipates achievement of this goal during FY 2012.

Priority Goal 6, Civil Rights: Increase the number of people favorably impacted by the resolution of civil rights cases and matters:

- **By the end of 2011 increase the criminal civil rights caseload by 18 percent with 80 percent of cases favorably resolved**
- **By the end of 2011 increase the non-criminal civil rights caseload by 28 percent, with 80 percent of cases favorably resolved**
- **By the end of 2011 increase the number of complaints finalized by mediation by 10 percent, with 75 percent of mediation complaints successfully resolved**

Some of our nation's most critical and treasured laws are those that advance equal justice and secure equal opportunity. It is the mission of the Civil Rights Division to make sure those laws continue to fulfill their purpose – namely, to protect the rights of all individuals so that equal opportunity can be a reality for everyone across the nation. We are focusing our efforts on matters with a broader impact, which will allow us to better leverage our existing tools and use our laws to their fullest extent, while taking on more complex investigations and cases that are more resource intensive. This will ultimately result in relief to more people and expand the reach of the Division in its critical protection of the rights of all Americans.

- Status: The Department met or surpassed all of its targets for this Priority Goal, with one exception – the FY 2011 goal to increase the criminal civil rights caseload by 18 percent. The impact of the Department-wide hiring freeze and reduced funding limited the Civil Rights Division's ability to staff the criminal program fully. The Criminal Section of CRT was down between seven and nine attorney staff and was not able to fill those vacancies. The Criminal Section was therefore unable to continue breaking records in the number of criminal civil rights cases brought for a third straight year.

Analysis of Systems, Controls, and Legal Compliance

Internal Control Program in the Department of Justice

The objective of the Department of Justice's internal control program is to provide reasonable assurance that operations are effective, efficient, and comply with applicable laws and regulations; financial reporting is reliable; and assets are safeguarded against waste, loss, and unauthorized use. The Department identifies issues of concern through a strong network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, the Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and Departmental component internal review teams. The Department also considers reports by the Office of the Inspector General (OIG) in its evaluation of internal control.

The Department's internal control continues to improve through the corrective actions implemented by senior management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced in our 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 Departmental management in response to new legislation, OMB initiatives, and OIG recommendations. For example, in FY 2011, the Department implemented a top-down approach to assess the risk of significant improper payments across the Department's mission-aligned programs as required by the Improper Payments Elimination and Recovery Act of 2010 (IPERA or Act) and the OMB April 2011 implementing guidance, Appendix C of OMB Circular A-123, *Requirements for Effective Measurement and Remediation of Improper Payments*. The Department also expanded the scope of its payment recapture audits to contracts, grants, and benefit and other payments as required by the Act and implementing guidance. The Department's enhanced improper payments internal control framework leverages and builds on existing controls within the Department, such as the annual assessment of internal control for Appendix A of OMB Circular A-123, *Internal Control over Financial Reporting*, and promotes consistency across the Department in implementing the Act. Details on additional actions taken by Departmental management to implement the IPERA are provided later in this section and in Appendix A.

Departmental management continued in FY 2011 to further strengthen and maximize the effectiveness of its annual assessment of internal control over financial reporting. Examples of such actions include:

- refining the assessment framework,
- enhancing the oversight process to ensure prompt implementation of corrective actions,
- providing direct assistance to components with previously identified reportable conditions, and
- continuing to support and commit resources to Departmental component internal review programs.

Details on additional actions taken by Departmental management to build and sustain a strong internal control program are provided later in this section.

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 accounting and administrative controls. 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 law; 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 the assets. The Integrity Act also requires agencies to annually assess and report on the internal controls that protect the integrity of federal programs (FMFIA § 2) and whether financial management systems conform to related requirements (FMFIA § 4).

Guidance for implementing the Integrity Act is provided through OMB Circular A-123, *Management's Responsibility for Internal Control*. In addition to requiring agencies to provide an assurance statement on the effectiveness of programmatic internal controls and conformance with financial system requirements, the Circular requires agencies to provide an assurance statement on the effectiveness of internal control over financial reporting.

FMFIA Assurance Statement

Department of Justice management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. In accordance with OMB Circular A-123, the Department conducted its annual assessment of the effectiveness of internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA § 2). The Department also assessed whether its financial management systems conform to financial system requirements (FMFIA § 4). Based on the results of the assessments, the Department can provide qualified assurance that its internal controls and financial management systems meet the objectives of the FMFIA. The assessment of systems did not identify any non-conformances required to be reported under FMFIA § 4; however, the assessment of internal controls identified one programmatic material weakness required to be reported under FMFIA § 2. This weakness involves the need to reduce the Federal Bureau of Prisons (BOP) crowding rate, currently at 39 percent over the rated capacity. Details of the weakness are provided in the section Summary of Material Weakness and Corrective Actions. Other than the exception noted, the internal controls were operating effectively as of September 30, 2011, and the assessment found no other material weaknesses in the design or operation of the controls.

In accordance with Appendix A of OMB Circular A-123, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this assessment, the Department can provide reasonable assurance that its internal control over financial reporting was operating effectively as of June 30, 2011, and the assessment found no material weaknesses in the design or operation of the controls.

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 funds received are expended responsibly and in a transparent manner. We will continue to strengthen controls in areas where we are aware of concerns identified through the Department's internal review activities or by the Office of the Inspector General and Government Accountability Office. We look forward in FY 2012 to building on our achievements as we continue the important work of the Department.



Eric H. Holder, Jr.
Attorney General
November 10, 2011

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 at the transaction level. Guidance for implementing the FFMIA is provided through OMB Circular A-127, *Financial Management Systems*.

FFMIA Compliance Determination

During FY 2011, 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 Federal Information Security Management Act of 2002 (FISMA) reviews 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 sub-section.

Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to replace the three remaining major non-integrated legacy accounting systems 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 processes, as well as the data needed for effective financial and budget management. In FYs 2009 through 2011, the Department made measurable progress in implementing UFMS. In FY 2009, the DEA successfully migrated to UFMS and, importantly, obtained an unqualified audit opinion on its financial statements produced from UFMS that year and in every year since. As expected, the DEA project was a large, complex, and difficult migration, but one that helped to lay the foundation for the migration of the ATF, which occurred in the first quarter of FY 2011, and the migrations of the USMS and FBI, which are underway and scheduled for completion in FYs 2013 and 2014, respectively. UFMS implementation goals, such as the migrations of the USMS and FBI, 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 already enabled components to improve financial and budget management and realize increased efficiencies. Additional improvements and efficiencies are expected to be realized as additional components fully migrate to UFMS. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

Summary of Financial Statement Audit and Management Assurances

The following two tables summarize the results of the Department’s financial statement audit and management assurances regarding the effectiveness of internal control over programmatic operations and financial reporting (FMFIA § 2), conformance with financial management system requirements (FMFIA § 4), and compliance with the FFMIA.

Table 3. Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
None	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Programmatic Operations (FMFIA § 2)						
Statement of Assurance	Qualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Prison Crowding	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
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
Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform					
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Non-conformances	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
Overall Substantial Compliance	Agency			Auditor		
	Yes			Yes		
Compliance with Specific Requirements						
Systems Requirements	Yes					
Accounting Standards	Yes					
USSGL at Transaction Level	Yes					

Summary of Material Weakness and Corrective Actions

A summary of the material weakness identified in the Department's FY 2011 assessment of the effectiveness of internal control over programmatic operations (FMFIA § 2) follows, along with details regarding corrective actions. The associated Corrective Action Plan is provided in Section IV of this document.

Programmatic Material Weakness and Corrective Actions – Prison Crowding

As of September 30, 2011, the inmate population housed in BOP-operated institutions exceeded the rated housing capacity by 39 percent. The BOP's Long Range Capacity Plan relies on multiple approaches to house the increasing federal inmate population, such as contracting with the private sector and state and local facilities for certain groups of low-security inmates; expanding existing institutions where infrastructure permits, programmatically appropriate, and cost effective to do so; and acquiring, constructing, and activating new facilities as funding permits.

To address this material weakness, the BOP will continue implementing its Long Range Capacity Plan, making enhancements and modifications to the plan, as needed, commensurate with funding received through enacted budgets. For example, in FY 2011, the BOP modified its Plan because the enacted budget did not include the funding needed to activate two newly constructed prisons, acquire a new facility, or contract for the increased use of private sector and state and local facilities for low-security inmates, all three of which would have increased housing capacity and decreased the prison over-crowding rate. The BOP's formal Corrective Action Plan includes utilizing contract facilities; expanding existing institutions; and acquiring, constructing, and activating new institutions as funding permits. The BOP will continue to validate progress on construction projects at new and existing facilities through on-site inspections or by reviewing monthly construction progress reports.

This material weakness was first reported in 2006. Remediation of the weakness through increasing prison capacity is primarily dependent on funding. Other correctional reforms and alternatives will require policy and/or statutory changes. Other initiatives notwithstanding, if the acquisition, expansion, construction, and activation plans detailed in the BOP's Long Range Capacity Plan are funded as proposed, the over-crowding rate for FY 2014 is projected to be 43 percent. Without the funding and the BOP's other mitigating actions, the projected over-crowding rate would be 50 percent.

The Department's corrective action efforts are not limited to the BOP alone. The Department continues to consider and implement an array of crime prevention, sentencing, and corrections management improvements that focus on accountability and rehabilitation, while protecting public safety. The Department recognizes that the BOP's capacity management efforts must be teamed with targeted programs that are proven to reduce recidivism and promote effective re-entry. The BOP will continue to work with the Department on these programs.

Improper Payments Elimination and Recovery Act of 2010

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments and is committed to the continuous improvement of the overall disbursement management process. A summary of actions taken by Departmental management in FY 2011 to implement the Improper Payments Elimination and Recovery Act (IPERA) follow. Additional details, as well as the Department's submission of the required improper payments reporting, are provided in Appendix A of this document.

Risk Assessment

The IPERA and OMB April 2011 implementing guidance, OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, require agencies to review all programs and activities they administer to identify those that are susceptible to significant improper payments. The IPERA defines significant improper payments as gross annual improper payments (i.e., the total amount of overpayments plus underpayments) in a program exceeding (1) both 2.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million, regardless of the improper payment percentage of total program outlays.

In FY 2011, the Department updated its top-down approach for assessing the risk of significant improper payments to allow the reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prison and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other.

In accordance with the IPERA and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. Based on the results of the risk assessment for the period ending September 30, 2011, the Department concluded there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the IPERA thresholds of both 2.5 percent of program outlays and \$10 million, or \$100 million.

Payment Recapture Audits

The IPERA and OMB implementing guidance require agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends \$1 million or more annually – including contracts, grants, and benefit payments – if conducting such audits would be cost-effective. Previously, payment recapture audits were only required for agencies that entered into contracts with a total value in excess of \$500 million in a fiscal year, and for certain other programs that were not applicable to the Department. The OMB implementing guidance also requires agencies to establish annual targets for their payment recapture audit programs – based on the rate of recovery – to drive performance. Agencies have the discretion to set their own payment recapture targets for review and approval by OMB, but agencies are to strive to achieve annual recapture targets of at least 85 percent within three years (with the first reporting year being FY 2011 and the third, FY 2013).

In FY 2011, the Department expanded the scope of its payment recapture audits to contracts, grants, and benefit and other payments as required by the IPERA and OMB implementing guidance. The Department also established annual payment recapture targets through FY 2014 to drive performance.

In accordance with the IPERA and OMB implementing guidance, the Department measured payment recapture performance under the expanded scope of its payment recapture audits. Based on performance for

the period ending September 30, 2011, the Department achieved an overall improper payment recovery rate of 86 percent – 1 percent better than the OMB target rate of 85 percent that agencies are to strive to achieve by FY 2013.

Possible Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends

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

James Zadroga 9/11 Health and Compensation Act of 2010

- Potential increase in DOJ workload resulting from the James Zadroga 9/11 Health and Compensation Act of 2010. The Act provides compensation to any individual (or personal representative of a deceased individual) who suffered physical harm as a result of the terror-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath. The Department could see a high volume of claims in the near future, FY 2012-2013.

Immigration Enforcement

- As the Department of Homeland Security hires additional border patrol agents, the number of illegal immigrant and criminal smugglers detained for attempting to cross the border will undoubtedly increase. Increased apprehension will in turn require increased Department resources to account for the additional detainees. EOIR in particular would require additional immigration judges to keep pace with the increased caseload, area U.S. Attorneys' offices could also see increased prosecution caseloads, and the Civil Division could see an increase in appeals of removal decisions.

Technology

- Advances in high-speed telecommunications, computers, and other technologies are creating new opportunities for criminals, new classes of crimes, and new challenges for law enforcement.
- Growing dependence on technology is creating an increasing vulnerability to illegal acts, especially white collar crime and terrorism.

Economy

- Amount of regulation and the pace of economic growth and globalization are changing the volume and nature of anti-competitive behavior.
- The interconnected nature of the world's economy is increasing opportunities for criminal activity, including money laundering, white collar crime, and alien smuggling, as well as the complexity and scope of civil justice matters.

Government

- Changes in the fiscal posture or policies of state and local governments could have dramatic effects on their capacity to remain effective law enforcement partners, e.g., the ability and willingness of these governments to allow federal use of their jail space affects achievement of detention goals.

Globalization

- Issues of criminal and civil justice increasingly transcend national boundaries, requiring the cooperation of foreign governments and involving treaty obligations, multinational environment and trade agreements, and other foreign policy concerns.

Social-Demographic

- The numbers of adolescents and young adults, now the most crime-prone segment of the population, are expected to grow rapidly over the next several years.

American Recovery and Reinvestment Act

- The Department received \$4.0 billion in funding for programs, under the American Recovery and Reinvestment Act of 2009. In addition, \$2.0 million was provided for the Department's Office of the Inspector General oversight activities related to Recovery Act funding. The Department is fully committed to ensuring that the funds received are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Act.
- Additional information regarding the Department's Recovery Act activities can be found on: <http://www.justice.gov/recovery/>; government-wide Recovery Act information can also be found on: <http://www.recovery.gov/Pages/home.aspx>.
- The following table summarizes appropriations, obligations, and outlays by component, as of September 30, 2011:

(Dollars in Thousands)

Component	Appropriation Amount	Obligations	Outlays
OJP	\$2,761,930	\$2,761,197	\$2,285,487
OVW	\$225,564	\$223,067	\$162,043
COPS	\$1,002,506	\$996,367	\$422,188
ATF	\$10,000	\$9,948	\$8,159
OIG	\$2,000	\$900	\$900
DOJ Total	\$4,002,000	\$3,991,479	\$2,878,777

Unpredictable

- Overseas Contingency Operations require continual adjustments to new conditions. The Department is determined to proactively confront new challenges in its efforts to protect the Nation.
- Responses to unanticipated natural disasters and their aftermath require the Department to divert resources to deter, investigate, and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.
- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

Limitations of the Financial Statements

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

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

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

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