Testimony of

The Honorable Glenn Fine

Inspector General
United States Department of Justice
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Office of the Inspector General
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Statement of Glenn A. Fine
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Oversight of the Federal Bureau of Investigation
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Mr. Chairman, Senator Leahy, and Members of the Committee on the Judiciary:

Thank you for inviting me to testify regarding the Office of the Inspector General's (OIG) oversight work in the Federal Bureau of Investigation (FBI). After the September 11, 2001, terrorist attacks, counterterrorism became the top priority of the FBI. As a result, the OIG has completed a series of reviews examining FBI programs and operations related to counterterrorism and national security issues.

These OIG reviews include reports on the FBI's foreign language translation program, the recruitment and training of FBI intelligence analysts, the FBI's information technology initiatives such as the Trilogy Project and its Virtual Case File effort, the FBI's management of the Terrorist Screening Center, intelligence information in the FBI's possession prior to the September 11 attacks, and the FBI's participation in various Department counterterrorism task forces.

In addition, the OIG currently is examining the FBI's observations of alleged mistreatment of detainees at military detention facilities, the FBI's compliance with the Attorney General Guidelines governing the use of confidential informants and other investigative techniques, and the FBI's handling of the Brandon Mayfield matter.

In this statement, I provide a summary of the findings of these completed reviews, as well as a description of ongoing OIG reviews in the FBI. In particular, I provide the findings of a follow-up audit, publicly released today, that examines the FBI's foreign language translation program and the backlog of unreviewed counterterrorism and counterintelligence foreign language audio material.

At the outset of my testimony, I want to offer my observations on the FBI and the key challenges it faces. These observations are based on numerous OIG reviews, as well as my more than 10 years in the OIG interacting with the FBI, the last 5 years as Inspector General.

It is clear that the FBI is undergoing significant transformation on multiple fronts simultaneously, a difficult task in any large organization. The FBI's transformation will not happen immediately or easily. A variety of OIG reviews, many of which I summarize in this statement, have identified shortcomings in the FBI's efforts to remake itself and have highlighted areas in need of greater progress. However, despite the deficiencies we have found, I believe that Director Mueller is a strong leader who is moving the FBI in the right direction. Moreover, the FBI has been receptive to the recommendations in our reports and generally has agreed with the need to implement most of them.

I also want to note that while the OIG has described problems in a number of important FBI programs over the years, this should in no way diminish the contributions that dedicated FBI employees make on a daily basis. Many FBI employees throughout the country and the world perform their jobs diligently, often under very difficult circumstances, and their work is essential to the safety and security of the country.

However, there are several areas that I believe need significant improvement. The first is the urgent need to upgrade the FBI's information technology systems. In essence, the FBI is in the business of uncovering, analyzing, sharing, and acting on information. To do so effectively, it must have adequate information technology and case management systems. But the FBI's current information technology systems are far short of what is needed. As we have reported in several reviews, the FBI's efforts to create a modern case management system to catalogue, retrieve, and share case information throughout the agency have still not succeeded. Past OIG reports have described the problems the FBI's inadequate systems have created, such as our report describing the belated production of documents in the McVeigh case and the report on the FBI's handling of intelligence information related to the September 11 attacks. I believe that the upgrade of the FBI's information technology systems is one of the most critical challenges facing the FBI. Without adequate systems, the FBI will not be able to perform its job as effectively and fully as it should.

Second, the FBI faces challenges in the human capital area. I believe that some of the problems we found in our various reviews stem from high turnover in important positions throughout the FBI. We often see FBI employees in leadership positions for short periods of time. For example, turnover in key positions has hurt the FBI's ability to manage and oversee the Trilogy information technology modernization project. Between November 2001 and February 2005, 15 different key information technology managers have been involved with the Trilogy project, including 5 FBI Chief Information Officers and 10 individuals serving as project managers for various aspects of Trilogy. This lack of continuity contributed to the ineffective and untimely implementation of the Trilogy project. Similarly, the FBI's counterterrorism division has had five leaders in the last four years. We also have seen rapid turnover in FBI field office managers. While some turnover is healthy in any organization, the rapid change in important positions throughout the FBI is unduly high, and I believe this turnover affects the FBI's ability to transform itself and fulfill its mission.

A third critical challenge facing the FBI is its need to share intelligence and law enforcement information efficiently, both within the FBI and with its law enforcement and intelligence partners. The FBI has made progress over the past several years in this area. For example, the

OIG's review of Joint Terrorism Task Forces found that the FBI has made strides in sharing information with state and local partners, who are critical to the nation's counterterrorism efforts. But more must be done, particularly with regard to sharing intelligence information with other federal agencies. The FBI is only part of the nation's counterterrorism and counterintelligence efforts, and it must share its information effectively with other agencies.

Fourth, I believe the FBI must value and support to a greater degree FBI staff with technical skills. For example, until recently, the FBI did not adequately value the contributions of intelligence analysts. The FBI's general view was that special agents performed the key work of the agency, and intelligence analysts were used primarily to support ongoing cases. Special agents historically were promoted to technical leadership positions within the FBI, such as handling information technology upgrades or leading scientific efforts in the laboratory. While this culture is changing, more needs to be done to support the work of intelligence analysts, scientists, linguists, and other staff who are critical to meeting the FBI's changing mission and duties.

Fifth, I believe the FBI and Director Mueller should receive credit for opening the FBI to outside scrutiny much more than in the past. The FBI previously had an insular attitude, with an aversion to outside scrutiny or oversight. For example, until 2001, allegations of misconduct against FBI employees were not subject to outside review by the OIG, but were handled in-house by the FBI.

I believe the FBI's attitude is changing. As described below, the OIG now has jurisdiction to investigate misconduct in the FBI, and we have received good cooperation from the FBI in this new role. The FBI also has opened its programs and management to outside scrutiny from groups such the National Academy of Public Administration, the General Accountability Office, and other oversight entities. In addition, the FBI now is more willing to seek outside advice and support.

Not everyone in the FBI has welcomed such change and outside scrutiny with open arms. But I believe that senior FBI leadership and most FBI employees recognize the need for such change and see the benefit of outside oversight. Director Mueller deserves credit for promoting this change in attitude throughout the FBI, even though the transformation is not yet complete.

Based on the many reviews of the FBI conducted by the OIG, I believe the FBI faces significant challenges and needs to make greater progress in many important areas. In this statement, I discuss several OIG reviews that provide a window on the challenges confronting the FBI, where it has made progress, and where additional improvement is needed.

My statement is organized in three main parts. In the first section, I provide background information on the OIG's oversight responsibilities in the FBI and how these responsibilities have changed. Second, I summarize the results of an important follow-up review that the OIG publicly issued today examining the FBI's progress in addressing findings in a July 2004 OIG audit on the FBI's foreign language translation program. Third, I briefly summarize the results from a series of recent OIG reviews of FBI programs and several ongoing reviews.

I. INSPECTOR GENERAL OVERSIGHT OF THE FBI

The OIG accomplishes its oversight responsibilities in the FBI through audits, inspections, investigations, and special reviews. The OIG's Investigations Division investigates allegations of criminal and administrative misconduct throughout the entire Department of Justice (DOJ or Department), including in the FBI. The OIG's Audit Division conducts audits of FBI programs and activities, including audits of the FBI's annual financial statements and computer security audits of FBI information technology systems. The OIG's Evaluation and Inspections Division conducts program reviews to assess the effectiveness of FBI operations. The OIG's Oversight and Review Division uses attorneys, investigators, and program analysts to conduct systemic reviews involving FBI programs or allegations of misconduct involving senior FBI officials.

Since its creation in 1989, the OIG has had the authority to conduct audits and inspections throughout all DOJ components. However, until July 2001, the OIG did not have jurisdiction to investigate allegations of misconduct in the FBI or the Drug Enforcement Administration (DEA). The FBI and DEA conducted their own investigations of employee misconduct. On July 11, 2001, the Attorney General expanded the OIG's authority to investigate allegations of misconduct in the FBI and the DEA. In November 2002, Congress codified the OIG's authority to investigate allegations of misconduct involving FBI and DEA employees.

Similar to other DOJ components, the OIG now reviews all allegations of misconduct against FBI employees and investigates the most serious ones, including allegations that if proved would result in prosecution and serious allegations against high-level FBI employees. We normally refer other allegations back to the FBI for it to handle, as we do with other DOJ components. While the FBI initially was not enthusiastic about the OIG's expanded jurisdiction to investigate misconduct allegations against its employees, I am pleased to report that it has cooperated well with OIG investigations, both at FBI headquarters and in the field.

In addition to investigating allegations of serious employee misconduct, the OIG plays an important role in ensuring that FBI whistleblowers who raise concerns about potential problems at the FBI are not retaliated against for raising these concerns. Although FBI employees are specifically excluded from the Whistleblower Protection Act (which covers most other federal employees), Congress provided a separate process to protect FBI employees from retaliation for making whistleblower disclosures. See 5 U.S.C. § 2303 and the implementing regulations in 28 C.F.R. Part 27. If FBI employees believe that the FBI has retaliated against them for making a protected disclosure, they may report the alleged reprisal to the OIG or DOJ OPR, which shares responsibility for investigating these reprisal allegations.

II. FBI FOREIGN LANGUAGE TRANSLATION PROGRAM

I now summarize the results of an important follow-up audit that the OIG completed and released today regarding the FBI's foreign language translation program. The FBI's ability to translate foreign language materials is critical to national security. These foreign language translations support the FBI's two highest investigative priorities - counterterrorism and counterintelligence - as well as its criminal and cyber-crimes programs.

In July 2004, the OIG completed a 157-page audit examining the FBI's foreign language translation program. That audit analyzed the backlog of unreviewed Foreign Intelligence Surveillance Act (FISA) material; the FBI's progress in hiring qualified linguists to translate

critical foreign language materials; the FBI's prioritization of its translation workload; and the FBI's Quality Control Program for linguists.

The July 2004 audit found that the FBI's collection of material requiring translation had outpaced its translation capabilities, and therefore the FBI could not translate all its foreign language counterterrorism and counterintelligence material. The audit also found that the FBI had difficulty in filling its need for additional linguists. In addition, the audit reported that the FBI's digital audio collection systems had limited storage capacity and that untranslated audio sessions were sometimes deleted from the system to make room for new incoming audio sessions. The audit found that the FBI was not in full compliance with the standards it had adopted for quality control reviews of the work of newly hired linguists, as well as annual reviews of permanent and contract linguists. The report made 18 recommendations to help the FBI improve its foreign language translation operations, and the FBI generally agreed to implement these changes.

To evaluate the FBI's progress in responding to the findings and recommendations in the July 2004 audit report, the OIG conducted a follow-up review in March and April of this year. In sum, our follow-up review concluded that the FBI has taken important steps to address the OIG's recommendations from the July 2004 audit and has made progress in improving the operations of the foreign language translation program. For example, the FBI now sets specific target staffing levels for linguists that account for attrition and, as of March 30, 2005, has achieved 56 percent of its hiring goals. In addition, although we found during our follow-up review that unreviewed translation materials still were being deleted, no unreviewed counterterrorism or Al Qaeda sessions had been deleted.

However, we found that key deficiencies remain in the FBI's foreign language translation program, including a continuing backlog of unreviewed material, some instances where high-priority material has not been reviewed within 24 hours in accordance with FBI policy, and continued challenges in meeting linguist hiring goals. In addition, implementation of the Quality Control Program for linguists has been slow. I will now discuss in more detail the main findings of this follow-up review.

A. Foreign Language Translation Workload and Unreviewed Material

Our follow-up review assessed the FBI's progress since our July 2004 report in addressing the volume of unreviewed counterterrorism and counterintelligence audio material ("backlog") that the FBI collects in its National Foreign Intelligence Program.

Our July 2004 report found the FBI had a significant backlog in translating counterterrorism and counterintelligence v audio material. Similarly, our follow-up review found that the FBI's collection of audio material continues to outpace its ability to review and translate all that material.

Table 1 provides an update on the FBI's backlog. It provides the amount of audio collected and unreviewed through the end of the first quarter of FY 2004 (as of December 31, 2003), and then through the end of the second quarter of FY 2005 (as of March 31, 2005).

Table 1: TOTAL AUDIO COLLECTED AND UNREVIEWED

Program	Accrued Unreviewed Audio FY 2002 through 1st Quarter FY 2004 (Hours)	Audio Collected FY 2002 through 1st Quarter FY 2004 (Hours)	Percent Unreviewed of Collected	Accrued Unreviewed Audio FY 2002 through 2nd Quarter FY 2005 (Hours)	Audio Collected FY 2002 through 2nd Quarter FY 2005 (Hours)	Percent Unreviewed of Total Collected
Counterterrorism	24,786	354,014	7%	38,514	573,920	7%
Counterintelligence	453,787	1,322,773	34%	669,228	2,015,998	33%
Total	478,573	1,676,787	29%	707,742	2,589,918	27%

Source: OIG calculations based on FBI Language Services Section data.

As Table 1 demonstrates, the total collections of counterterrorism and counterintelligence audio material increased from approximately 1.6 million hours as of December 31, 2003, to approximately 2.5 million hours as of March 31, 2005. During the same time period, the total amount of unreviewed audio increased from 478,573 hours to 707,742 hours. As a percentage of total collections, the percentage of unreviewed audio material remained relatively constant, only slightly decreasing from 29 percent to 27 percent.

Counterterrorism Material. As also shown in Table 1, the FBI reported in its monthly counterterrorism FISA surveys that the accrued unreviewed counterterrorism audio was 24,786 hours as of December 31, 2003, and increased to 38,514 hours as of March 31, 2005.

However, in its monthly surveys the FBI refines the amount of counterterrorism audio that the FBI's data collection system reports as unreviewed. The FBI tries to eliminate double counting of unreviewed material by more than one field office, unreviewed material in cases that are no longer active, and collections of materials from the wrong sources due to technical problems. To attempt to determine the amounts of unreviewed material that should be eliminated on the monthly surveys, FBI field offices submit what they believe is their total accrued backlog after eliminating these items. The FBI then accumulates the field offices' submissions to reach a more refined estimate of the total amount of unreviewed counterterrorism audio material.

According to this method, our July 2004 audit reported that the FBI's estimated counterterrorism audio backlog was 4,086 hours as of April 2004. In this follow-up review, according to this same method, we found that as of March 2005 the counterterrorism audio backlog had increased to 8,354 hours.

According to this method, the counterterrorism backlog represented 1 percent of all counterterrorism audio collected as of April 2004. As of March 2005, the counterterrorism backlog had increased to 1.5 percent of all counterterrorism audio collected.

In our follow-up review, we also attempted to determine the priority of the counterterrorism audio material that was not reviewed. The FBI designates one of five levels of priority to its counterterrorism cases. We found that none of the counterterrorism audio backlog as of March 2005 was in the highest level priority cases. However, almost all of the 8,354 hours of counterterrorism backlog reported by the FBI was in cases designated in the second and third highest priority levels: 72 percent of this backlog was in the FBI's second highest priority counterterrorism cases, and 27 percent was in the third highest priority.

Counterintelligence Material. With respect to counterintelligence material, as Table 1 shows, total collections increased from approximately 1.3 million hours as of December 31, 2003, to approximately 2 million hours as of March 31, 2005. The amount of unreviewed counterintelligence material increased from 453,787 hours to 669,228 hours during this same period. The percentage of unreviewed counterintelligence material remained relatively constant, decreasing only slightly from 34 percent to 33 percent.

In response to these statistics on unreviewed material, the FBI stated that it collects significant amounts of FISA audio material that it does not intend to translate, either immediately or possibly ever. For example, it stated that the FBI's digital collection systems cannot reliably filter out "white noise" (acoustical or electrical noise) and unintelligible audio, which is collected but does not need to be reviewed. In addition, the FBI stated that in many counterintelligence cases it collects audio material that it stores and only translates if additional information points to those materials as containing significant information that should be reviewed. It also stated that it believes that most of the unreviewed counterintelligence backlog fell into these categories, but it was unable to quantify the amounts of unreviewed material that fell into these different categories.

In addition, during our follow-up review we performed testing to determine if the FBI was reviewing material designated as "high priority" within 24 hours. Our testing of eight FBI field offices for three separate days in April 2005 found that three offices had not reviewed all high-priority material within 24 hours on all three dates.

As we described in our July 2004 report, because the FBI field offices' digital collection systems have limited storage capacity, audio sessions resident on a system were sometimes deleted through an automatic file deletion procedure to make room for incoming audio sessions. Although these sessions are archived, it is difficult for the FBI to determine, once the sessions have been deleted and archived, whether they have been reviewed. We found that sessions are automatically deleted in a set order, and unreviewed sessions are sometimes included in the material deleted, especially in offices with a high volume of audio to review.

In our July 2004 audit, we reported that the results of our tests showed that three of eight offices tested had Al Qaeda sessions that potentially were deleted by the system before linguists had reviewed them. We recommended that the FBI establish controls to prevent critical audio material from being deleted.

During our follow-up review this year, we tested data for eight offices to determine if unreviewed translation material was still being deleted. The results of our testing showed unreviewed counterintelligence material had been deleted and archived at six of the eight offices. However, no unreviewed counterterrorism or Al Qaeda sessions had been deleted at the eight offices.

B. Hiring of Linguists and Quality Control Program

As reported in our July 2004 audit report, the number of FBI and contract linguists had increased from 883 in FY 2001 to 1,214 as of April 2004. Since then, the number of FBI and contract linguists has increased to 1,338 as of March 30, 2005.

We found that the FBI has made progress in improving its hiring process since our July 2004 review, although it still continues to face challenges hiring linguists. The FBI met 62 percent of its hiring goals for FY 2004, and as of March 30, 2005, met 56 percent of its hiring goals in FY 2005.

A continuing issue for the FBI is the time it takes to hire contract linguists. Since our July 2004 audit, according to the FBI, the average time it takes the FBI to hire a contract linguist has increased by at least 1 month, from 13 months to 14 months. However, according to our review of the FBI's data, it now takes the FBI 16 months on average to hire a contract linguist.

With regard to quality control issues, in response to our July 2004 report the FBI modified its Translation Quality Control Policy and Guidelines, effective December 30, 2004. The modified policy and guidelines now require, for example, the use of certified reviewers, anonymous reviews, and the review of randomly selected materials marked as "Not Pertinent" by a linguist in addition to review of summary and verbatim translations.

However, during the fieldwork for our follow-up review in March 2005, the FBI still had no nationwide system in place to ensure that FBI field offices were performing quality control reviews or were monitoring results of the reviews. In July 2005, just before our follow-up report was issued, the FBI stated that it had implemented a tracking system for monitoring the reviews and the results of those reviews.

In sum, since issuance of the July 2004 report the FBI has taken significant steps to address many of our recommendations and has made progress in improving the operations of its foreign language translation program. But key deficiencies remain, including the continuing amount of unreviewed material, instances where "high priority" material has not been reviewed within 24 hours, and continued challenges in meeting linguist hiring goals. With regard to unreviewed material, our follow-up review found that the FBI's collection of audio material continues to outpace its ability to review and translate that material, and the amount of unreviewed FBI counterterrorism and counterintelligence audio material has increased since our July 2004 report. According to the FBI's calculations, the backlog of unreviewed counterterrorism material represents 1.5 percent of total counterterrorism audio collections, although the amount of unreviewed counterintelligence material is larger. While the FBI stated that most of the unreviewed materials may not need to be translated, it has no assurance that all of this counterterrorism and counterintelligence material need not be reviewed or translated.

III. ADDITIONAL OIG REVIEWS OF FBI PROGRAMS

A. Recently Completed OIG Reviews

Management of the Trilogy Information Technology Modernization Project: The Trilogy project was intended to be the centerpiece of the FBI's efforts to upgrade its information technology infrastructure and replace its antiquated paper-based case management system with a new electronic case management system called the Virtual Case File (VCF). Trilogy consisted of three main components: 1) the Information Presentation Component intended to upgrade the FBI's hardware and software; 2) the Transportation Network Component intended to upgrade the FBI's communication networks; and 3) the User Applications Component intended to replace the FBI's most important investigative applications, including the Automated Case Support (ACS) system, the FBI's current case management system. The first two components of Trilogy provide the infrastructure needed to run the FBI's various user applications, including the planned VCF.

It is important to note that Trilogy was not intended to replace all of the FBI's investigative applications or all of the FBI's other non-investigative applications. Rather, Trilogy was intended to lay the foundation so that future enhancements would allow the FBI to achieve a state-of-the-art information technology system that integrates all of the agency's investigative and non-investigative applications.

A February 2005 OIG audit reported that the FBI had successfully completed the Trilogy infrastructure upgrades, albeit with significant delays and cost increases. The infrastructure upgrades included deploying new hardware and software, and new communications networks. However, this deployment was completed 22 months later than expected, despite an additional $78 million provided by Congress after the September 11 terrorist attacks to accelerate deployment of Trilogy's infrastructure components. In addition, the total costs for the infrastructure components of Trilogy increased from $238.6 million to $337 million over the course of the project.

With regard to the VCF, the third phase of Trilogy, the FBI was unable to create and deploy the VCF after more than 3 years and $170 million budgeted for the project. The OIG audit report concluded that the VCF either would require substantial additional work or would need to be scrapped and replaced by a new system. Moreover, at the time of the audit, the FBI had not provided a realistic timetable or cost estimate for implementing a workable VCF or a successor system.

The OIG audit identified a variety of causes for the delays and cost increases in the Trilogy project, including poorly defined and slowly evolving design requirements for Trilogy, weak information technology investment management practices at the FBI, weaknesses in the way contractors were retained and overseen, the lack of management continuity at the FBI on the Trilogy project, unrealistic scheduling of tasks on Trilogy, and inadequate resolution of issues that warned of problems in Trilogy's development.

The OIG report concluded that responsibility for ensuring the success of the Trilogy project was shared by several parties: the FBI; the Department; FEDSIM (the component of the General Services Administration that awarded Trilogy contracts on behalf of the FBI); and the two

contractors - Computer Sciences Corporation for the two infrastructure components, and Science Applications International Corporation for the user applications component that included the VCF. These entities, to varying degrees, did not effectively contract for, manage, monitor, or implement the Trilogy project.

However, the OIG report faulted the FBI for moving forward with contracting for this complex project without providing or insisting upon defined requirements, specific milestones, critical decision review points, and penalties for poor contractor performance. Because of the FBI's inability to develop and deploy the VCF, the audit concluded that the FBI continued to lack critical tools necessary to maximize the performance of both its criminal investigative and national security missions.

In March 2005, the FBI announced that is was terminating the VCF and replacing it with a new information technology effort called Sentinel. The FBI believes that Sentinel, through a phased approach, will result in a system that will provide an automated workflow process, search capabilities, and an effective records and case management system. At the request of the FBI Director and Congress, the OIG is continuing its audits of the FBI's information technology upgrade efforts, including an ongoing review of Sentinel. A description of that ongoing OIG audit is provided in the next section of this statement.

The Handling of Intelligence Information Prior to the September 11 Attacks: On June 7, 2005, the unclassified, redacted version of the OIG's report that examined the FBI's handling of intelligence information related to the September 11 attacks was released publicly. The OIG report examined what intelligence information the FBI had prior to the September 11 attacks that potentially was related to those attacks. Among other issues, the OIG examined the FBI's handling of the Zacarias Moussaoui case; the FBI's handling of an Electronic Communication written by an FBI agent in Phoenix, Arizona (the Phoenix EC) that raised concerns about efforts by Usama Bin Laden to send students to attend United States civil aviation schools to conduct terrorist activities; and intelligence information available to the FBI regarding two of the September 11 hijackers - Nawaf al Hazmi and Khalid al Mihdhar.

In July 2004, the OIG completed and issued its full report, classified at the Top Secret/SCI level, to the Department, the FBI, Congress, the Central Intelligence Agency (CIA), the National Security Agency, and the National Commission on Terrorist Attacks Upon the United States (9/11 Commission). In its final report, the 9/11 Commission referenced the findings from the OIG's report.

After the OIG issued the classified version of our report, several members of this Committee asked the OIG to create and release publicly an unclassified version because of the significant public interest in these matters. The OIG therefore created a 371-page unclassified version of the report. However, because Moussaoui is being prosecuted before the United States District Court for the Eastern District of Virginia, the rules of that Court prevented the OIG from releasing the unclassified report without the permission of the District Court. The District Court denied the OIG's motion to release publicly the full unclassified version of the report in late April 2005. The OIG redacted from the unclassified report the information requested by Moussaoui's defense counsel that related to Moussaoui and other matters. The Court subsequently granted the OIG's motion to release the redacted report.

The OIG's redacted, unclassified report details the FBI's handling of the Phoenix EC and the systemic problems that the handling of this EC revealed about the FBI's operations. The redacted report also discusses the FBI's handling of the Hazmi/Mihdhar case. The FBI also had at least five opportunities to uncover information regarding the presence of Hazmi and Mihdhar in the United States that could have led the FBI to seek to find them before the September 11 attacks. The report describes the systemic impediments that hindered the sharing of information between the FBI and the CIA, and the report assesses the individual performance of FBI employees. The report also contains the OIG's recommendations and conclusions relating to the FBI's analytical program, the FISA process, the FBI's interactions with other members of the Intelligence Community, and other matters involved in this review.

In sum, the OIG review found significant deficiencies in the FBI's handling of intelligence information related to the September 11 attacks. Our review concluded that the FBI failed to fully evaluate, investigate, exploit, and disseminate information related to the Phoenix EC and the Hazmi and Mihdhar matter. The causes for these failures were widespread and varied, ranging from poor individual performance to more substantial systemic deficiencies that undermined the FBI's efforts to detect and prevent terrorism.

In its response to the OIG's report, the FBI described changes it has made related to these issues since the September 11 attacks. In addition, the FBI has created a panel to assess whether any action should be taken with regard to the performance of FBI employees described in the OIG report.

Terrorist Screening Center: The OIG reviewed the FBI's management of the Terrorist Screening Center (TSC), a multi-agency effort to consolidate the federal government's terrorist watch lists and provide 24 hour, 7 day-a-week responses for screening individuals against the consolidated watch list. Prior to establishment of the TSC, the federal government relied on many separate watch lists maintained by a variety of agencies to search for terrorist-related information about individuals who, among other things, apply for a visa, attempt to enter the United States through a port of entry, travel internationally on a commercial airline, or are stopped by a local law enforcement officer for a traffic violation. The FBI is responsible for managing the TSC and the efforts to develop an accurate consolidated watch list.

The OIG review found that the TSC has made significant strides in creating a new organization and a consolidated watch list, which was a significant accomplishment. However, the OIG review also concluded that the TSC needs to address weaknesses in its consolidated terrorist watch list database, computer systems, as well as staffing, training, and oversight of the call center.

The OIG concluded that the TSC has not ensured that the information in that database is complete and accurate. For example, the OIG found instances where the consolidated database did not contain names that should have been included on the watch list and inaccurate or inconsistent information related to persons included in the database.

The OIG also found problems with the TSC's management of its information technology, a critical part of the terrorist screening process. From its inception, the TSC's Information Technology Branch - staffed with numerous contractors - did not provide effective leadership

over the agency's information technology functions. In addition, the TSC has experienced significant difficulty in hiring qualified staff with adequate security clearances to perform information technology functions.

The OIG report offered 40 recommendations to the TSC to address areas such as database improvements, data accuracy and completeness, call center management, and staffing. The TSC generally agreed with the recommendations and in some cases provided evidence that it has taken action to correct the weaknesses that the audit identified.

The OIG currently is conducting a follow-up review that examines the TSC's plans to support the Secure Flight Program, which is currently under development in the Transportation Security Agency (TSA). The Secure Flight Program will compare domestic airline passenger information to the consolidated terrorist watch list. The OIG is examining the TSC's plans to support the Secure Flight program in light of a pending congressional request from the TSC for an additional $75 million budget increase in fiscal year 2006. The OIG intends to complete a report with the results of our review by August 1, 2005.

FBI Efforts to Hire, Train, and Retain Intelligence Analysts: In May 2005, the OIG issued a 173-page audit that examined FBI efforts to hire, train, and retain intelligence analysts. Since the September 11 terrorist attacks, the FBI has attempted to hire, train, and use more fully qualified intelligence analysts. In the three years since the attacks, the number of FBI analysts has grown from 1,023 analysts in October 2001 to 1,403 analysts in October 2004 - a net increase of 380 intelligence analysts, or 37 percent.

Yet, the OIG report found that while the FBI has made progress in hiring and training intelligence analysts, several areas are in need of improvement. For example, the FBI fell short of its fiscal year (FY) 2004 hiring goal by 478 analysts and ended the fiscal year with a vacancy rate of 32 percent. At the end of FY 2004, the FBI had hired less than 40 percent of its goal of 787 analysts.

The audit found that the analysts that the FBI hired generally were well qualified. But the FBI has made slow progress toward developing a quality training curriculum for new analysts. The initial basic training course offered to analysts from 2002 to 2004 was not well attended and received negative evaluations. As a result, the FBI initiated a revised 7-week training course in September 2004.

FBI analysts who responded to an OIG survey indicated that they generally were satisfied with their work assignments, believed they made a significant contribution to the FBI's mission, and were intellectually challenged. However, newer and more highly qualified analysts were more likely to respond negatively to OIG survey questions on these issues. For example, 27 percent of the analysts hired within the last five years reported dissatisfaction with their work assignments compared to 13 percent of the analysts hired more than five years ago.

Further, the intelligence analysts reported on the survey that work requiring analytical skills accounted for about 50 percent of their time. Many analysts reported performing administrative or other non-analytical tasks, such as escort and phone duty. In addition, some analysts said that

not all FBI Special Agents, who often supervise analysts, understand the capabilities and functions of intelligence analysts.

The OIG report made 15 recommendations to help the FBI improve its efforts to hire, train, and retain intelligence analysts, including recommendations that the FBI establish hiring goals for intelligence analysts based on the forecasted need for intelligence analysts and projected attrition; implement a better methodology for determining the number of intelligence analysts required and for allocating the positions among FBI offices; and assess the work done by intelligence analysts to determine what is analytical in nature and what general administrative support of investigations can more effectively be performed by other support or administrative personnel. The FBI agreed with the OIG recommendations.

Department of Justice Counterterrorism Task Forces: In a June 2005 report, the OIG examined the operation of DOJ Counterterrorism task forces and whether gaps, duplication, or overlap existed in task forces' work. Three of the five groups we examined - the Joint Terrorism Task Forces (JTTFs), the National Joint Terrorism Task Force, and the Foreign Terrorist Tracking Task Force - are led by the FBI.

The OIG review concluded that the terrorism task forces generally functioned well, without significant duplication of effort, and that they contributed significantly to the Department's goal of preventing terrorism. However, the OIG review identified a series of management and resource problems affecting the operation of the task forces. These included the need for more stable leadership among the task forces, better training for participants, and additional resources. For example, many JTTF members stated that frequent turnover in leadership of the JTTFs affected the structure and stability of the JTTFs and their terrorism investigations.

In addition, the review found that the urban-based JTTFs do not consistently coordinate their activities to share information with the law enforcement agencies and first responders in rural and remote areas within their jurisdictions. We also found that the FBI has not signed Memorandums of Understanding defining the roles, responsibilities, and information-sharing protocols with all of the agencies participating on the task forces. The OIG report provided 28 recommendations to help the FBI and the Department improve the operations of its various counterterrorism task forces. The FBI generally agreed with the recommendations and agreed to take corrective action.

Follow-up Review of the Status of IDENT/IAFIS Integration: In December 2004, the OIG completed a report that examined efforts to integrate the federal government's law enforcement and immigration agencies' automated fingerprint identification databases. Fully integrating the automated fingerprint system operated by the FBI (IAFIS) and the system operated by the Department of Homeland Security (IDENT) would allow law enforcement and immigration officers to more easily identify known criminals and known or suspected terrorists trying to enter the United States, as well as identify those already in the United States. The December 2004 report was the fifth OIG report in 4 years that monitors the progress of efforts to integrate IAFIS and IDENT.

The December 2004 OIG report found that the congressional directive to fully integrate the federal government's various fingerprint identification systems has not been accomplished

because of high-level policy disagreements among the Departments of Justice, Homeland Security, and State regarding such integration. The key policy disagreement was a dispute over how many fingerprints should be taken from foreign visitors to the United States for enrollment into the Department of Homeland Security's (DHS) US-VISIT system.

Our December 2004 report made six recommendations to the Department, four of which were directed to the FBI. The report again recommended that the Departments of Justice and Homeland Security enter into a Memorandum of Understanding to guide the integration of IAFIS and IDENT.

The FBI has been addressing our recommendations, including the recommendation to increase its transmission of fingerprints of known or suspected terrorists to the DHS from monthly to weekly and identifying the costs and capacity needed to upgrade IAFIS. In April 2005, we learned that the federal government's Homeland Security Committee had adopted a uniform federal biometric standard of ten fingerprints for enrollment. Accordingly, in July 2005, in connection with a restructuring of the DHS, the DHS announced that it would require US VISIT - which currently takes two fingerprints for enrollment and identify verification - to begin taking ten fingerprints from visitors upon initial entry into the United States, with continued use of two fingerprint verification for subsequent entry. We believe these steps address our recommendation and should facilitate the development of interoperable automated fingerprint identification systems.

DNA Reviews: In 2004, the OIG completed two reviews examining various aspects of DNA issues. In the first review, completed in May 2004, the OIG examined vulnerabili¬ties in the protocols and practices in the FBI's DNA Laboratory. This review was initiated after it was discovered that an examiner in a DNA Analysis Unit failed to perform negative contamination tests, and the Laboratory's protocols had not detected these omissions. The OIG's review found that certain of the FBI Laboratory's DNA protocols were vulnerable to undetected, inadvertent, or willful non-compliance by DNA staff, and the OIG report made 35 recommendations to address these vulnerabilities. The FBI agreed to amend its protocols to address these recommendations and to improve its DNA training program.

In a second review, the OIG audited labo¬ratories that participate in the FBI's Combined DNA Index System (CODIS), a national database maintained by the FBI that allows law enforcement agencies to search and exchange DNA information. The OIG's CODIS audits identified concerns with some participants' compliance with quality assurance standards and with their uploading of unallowable and inaccurate DNA profiles to the national level of CODIS.

Effects of the FBI's Reprioritization: In a September 2004 report, the OIG reviewed the changes in the FBI's allo¬cation of its personnel resources since the September 11 terrorist attacks. The report provided detailed statistical information regarding changes in the FBI's allocation of resources since 2000. The OIG found that the FBI has reallocated resources in accord with its shift in priorities from traditional criminal investigative work to counterterrorism and counterintelligence matters. In addition, the OIG identified FBI field offices most affected by changes in FBI priorities within various investigative areas, such as shifting agent resources from organized crime or health care fraud cases to terrorism investigations. The OIG report recommended that the FBI regularly conduct similar detailed analyses of its agent usage and case

openings to provide a data-based view of FBI operations and to assist managers in evaluating the FBI's progress in meeting its goals.

The September 2004 OIG review is the second in a series of three reviews that examines the FBI's reprioritization efforts since the September 11 terrorist attacks. In a report released in September 2003, the OIG examined the FBI's use of personnel resources in its investigative programs over an almost 7-year period, 6 years before the September 11 terrorist attacks and 9 months after the attacks. The report compared the actual usage of resources to the FBI's planned allocation of resources during this same October 1995 to June 2002 time period. It also examined the types and numbers of cases the FBI investigated during these 7 years.

The OIG currently is working on a third review examining how the FBI's reprioritization efforts and the shift of resources from more traditional criminal investigative areas such as drugs and white collar crime to terrorism has affected other federal, state, and local law enforcement organizations. As part of this review, we distributed a web-based survey to approximately 3,500 state and local agencies, and we conducted interviews with federal, state, and local officials.

Efforts to Improve the Sharing of Intelligence and Other Information: In a report issued in December 2003, the OIG reviewed the FBI's efforts to improve the sharing of intelligence and other information. The review found that among the FBI's main obstacles to effective information sharing were the need to improve its information technology systems, enhance its ability to analyze intelligence, overcome security clearance and other security issues concerning the sharing of information with state and local law enforcement agencies, and develop policies and procedures for managing information sharing within the FBI.

Since the report's issuance, the FBI has taken various actions in response to the report's recommendations. The FBI has drafted an Intelligence Dissemination Policy Manual to provide consistent procedures for information sharing, including what types of information should be shared with what parties under what circumstances; completed a blueprint and process map for intelligence and information sharing; and revised its policy for Urgent Reports that are submitted by field offices to the FBI Director regarding critical matters requiring immediate attention.

However, we remain concerned about the overall effectiveness of FBI information sharing. The FBI's ability to rapidly and fully share investigative information is limited because of its inability to implement the VCF. We also are reviewing whether the procedures the FBI implemented in response to our December 2003 audit have been sufficiently comprehensive and effective in ensuring that all relevant FBI employees receive and adequately disseminate intelligence reports.

B. Ongoing OIG Reviews in the FBI

The OIG currently is conducting reviews of a variety of FBI programs. The following are examples of ongoing OIG reviews in the FBI:

FBI Observations of and Reports Regarding Detainee Treatment at Military Facilities: The OIG currently is examining FBI employees' observations and actions regarding alleged abuse of detainees at Guantanamo Bay, Iraq, Afghanistan, and other venues controlled by the U.S. military. The OIG is investigating whether FBI employees participated in any incident of

detainee abuse in military facilities at these locations, whether FBI employees witnessed incidents of abuse, how FBI employees reported observations of alleged abuse, and how those reports were handled by the FBI.

As part of this ongoing review, the OIG has interviewed detainees, FBI employees, and military personnel at Guantanamo. In addition, the OIG has administered a detailed questionnaire to approximately 1,000 FBI employees who served assignments at these locations. The questionnaire requested information on what the FBI employees observed, whether they reported observations of concern, and how those reports were handled. To date, the OIG has received over 900 responses to its questionnaire. The investigative team is also conducting appropriate follow-up interviews.

It is important to note that the actions of military personnel are not within the jurisdiction of the DOJ OIG and therefore are not the subject of the OIG's review. Rather, those actions are the subject of reviews by Department of Defense officials. However, the OIG is coordinating its work with a military review conducted by the U.S. Southern Command, which has been reviewing instances of alleged mistreatment of detainees at Guantanamo Bay that are cited in FBI documents.

Oversight of the FBI's Sentinel Case Management Project: In March 2005, the FBI announced plans to develop the Sentinel Case Management system to replace the Virtual Case File effort. The FBI stated that it hopes to use modular off-the-shelf components for Sentinel and expects to implement the new case management system in 39 to 48 months. The FBI stated that it plans to issue a "Request for Proposals" to develop the system by September 2005, award the contract in late 2005, and begin development work in early 2006.

At the request of the FBI Director and Congress, the OIG intends to monitor and review the FBI's continuing efforts to upgrade its case management system and the implementation of its Sentinel project. We have begun a review of the Sentinel project and are initially focusing on the FBI's planning for the project, including the FBI's approach to developing the system, management controls over the project, information technology management processes, project baselines, contracting processes, and funding sources. Rather than issue a single audit report, we anticipate completing a series of follow-up audits about discrete aspects of the Sentinel project, such as the FBI's monitoring of the contractor's performance against established baselines and the overall progress of the project.

FBI's Handling of the Brandon Mayfield Matter: The OIG is investigating the FBI's conduct in connection with the erroneous identification of a fingerprint found on evidence from the March 2004 Madrid train bombing. The FBI's fingerprint examiners erroneously concluded that the fingerprint belonged to Brandon Mayfield, an attorney in Portland, Oregon. As a result of the misidentification, the FBI initiated an investigation of Mayfield that resulted in his arrest as a "material witness" and his detention for approximately two weeks. Mayfield was released when Spanish National Police matched the fingerprints on the evidence to an Algerian national. The OIG is examining the cause of the erroneous fingerprint identification and the FBI's handling of the matter, including the investigation of Mayfield. The Department of Justice Office of Professional Responsibility is reviewing the conduct of the prosecutors in the case.

In our review, the OIG has consulted with national fingerprint experts to assist in the evaluation of the causes for the fingerprint misidentification. The OIG report also will examine the corrective actions taken by the FBI Laboratory since the misidentification came to light. In addition, the OIG report will address issues arising from the FBI's investigation and arrest of Brandon Mayfield, including any use of or implication of the Patriot Act in this case, the FBI's participation in the preparation of the material witness and criminal search warrants, and Mayfield's conditions of confinement while he was held as a material witness. The OIG is nearing the completion of its review, and is currently drafting its report of investigation.

The FBI's Compliance with the Attorney General's Investigative Guidelines: The OIG is completing a review of the FBI's compliance with Attorney General Investigative Guidelines governing the use of confidential informants; undercover operations; investigations of general crimes, racketeering enterprises, and terrorism enterprises; and warrantless monitoring of verbal communications. On May 30, 2002, the Attorney General approved revisions to each of the Guidelines. To assess the FBI's compliance with the revised Guidelines and to evaluate the procedures that the FBI employed to ensure that the revised Guidelines were properly implemented, the OIG conducted surveys of FBI field personnel and the Criminal Division Chiefs of the 93 U.S. Attorney Offices and visited 12 FBI field offices. We also conducted interviews of FBI Headquarters and DOJ personnel. The OIG's final report will make recommendations to promote compliance with the Attorney General Guidelines.

Follow-Up Review Regarding OIG Report on Espionage of Robert Hanssen: The OIG recently initiated a review of the FBI's progress in implementing the recommendations contained in the OIG's August 2003 report entitled, "Review of the FBI's Performance in Deterring, Detecting, and Investigating the Espionage Activities of Robert Philip Hanssen."

IV. CONCLUSION

In sum, I believe the FBI has made progress in addressing its changed priorities since the September 11 terrorist attacks. But significant challenges and deficiencies remain, as various OIG reports have found. The FBI needs more improvement in critical areas such as upgrading its information technology systems; hiring, training, and using intelligence analysts; timely and accurately reviewing and translating foreign language material; sharing information effectively within and outside the FBI; and ensuring continuity of personnel in key positions. While I believe that Director Mueller is leading the FBI in the right direction, the FBI needs to make significant improvements as it continues this transformation. To assist in this effort, the OIG will continue to monitor the FBI's progress and conduct reviews in important FBI programs.

This concludes my prepared statement, and I would be pleased to answer any questions.