



**OFFICE OF JUSTICE PROGRAMS AWARDS TO  
JUSTICE GRANTS ADMINISTRATION: EDWARD  
BYRNE MEMORIAL STATE AND LOCAL LAW  
ENFORCEMENT ASSISTANCE GRANT PROGRAM**

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

Audit Report GR-30-10-002  
June 2010

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## **EXECUTIVE SUMMARY**

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant (JAG) Program, Grant No. 2008-DJ-BX-0004 in the amount of \$872,084, and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program State Solicitation, Grant No. 2009-SU-B9-0006 in the amount of \$11,741,539, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Washington, D.C. Justice Grants Administration (JGA). Since fiscal year (FY) 2006, OJP awarded nearly \$20 million in JAG funds to JGA, the agency responsible for securing and managing federal grant funds related to juvenile and criminal justice for the District of Columbia.

The purpose of the JAG Program is to allow states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their own local needs and conditions. JAG funds can be used for state and local initiatives, technical assistance, training, personnel, equipment, supplies, contractual support, and information systems for criminal justice for any one or more of the following purpose areas:

- Law enforcement programs
- Prosecution and court programs
- Prevention and education programs
- Corrections and community corrections programs
- Drug treatment programs
- Planning, evaluation, and technology improvement programs
- Crime victim and witness programs (other than compensation)

## **Recovery Act**

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act are to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

As part of the Recovery Act, nearly \$2 billion was designated for the JAG Program. Through Recovery Act JAG funding, the Department of Justice focused support on all components of the criminal justice system, including multi-jurisdictional drug and gang task forces; crime prevention and domestic violence programs; and courts, corrections, treatment, and justice information sharing initiatives. Recovery Act JAG funded projects could address crime by providing services directly to individuals and communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

## **Audit Results**

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were supported; allowable; and in accordance with applicable laws, regulations, guidelines, terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (8) Financial Status Reports, Progress Reports, and Recovery Act Reports; and (9) program performance and accomplishments.<sup>1</sup> We determined that program income and management of contractors were not applicable to these grants.

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<sup>1</sup> Under the 2008 grant, JGA identified the need to strategically focus on juvenile crime prevention, prisoner re-entry, and gun and gang violence reduction. To carry out these efforts, JGA competitively awarded funding to four subrecipients: (1) Court Appointed Special Advocates of Washington, D.C., (2) East of the River Clergy Police Community Partnership, (3) Metropolitan Police Department, and (4) Prisoner Outreach Ministry.

As shown in the table below, since FY 2006 JGA was awarded almost \$20 million to implement the JAG Program. Our audit focused on, but was not limited to, Grant Nos. 2008-DJ-BX-0004 and 2009-SU-B9-0006.<sup>2</sup>

### FYs 2006 – 2009 JAG AWARDS TO THE DISTRICT OF COLUMBIA

Grant Award	Award Start Date	Award End Date	Award Amount
2006-DJ-BX-0016	10/1/2005	9/30/2009	\$1,804,991
2007-DJ-BX-0055	10/1/2006	9/30/2010	2,647,465
2008-DJ-BX-0004	10/1/2007	9/30/2011	872,084
2008-DJ-BX-0737	10/1/2007	9/30/2011	58,826
2009-DJ-BX-0170	10/1/2008	9/30/2012	2,856,443
2009-SU-B9-0006 Recovery Act	3/1/2009	2/28/2013	11,741,539
<b>Total:</b>			<b>\$19,981,348</b>

Source: JGA award documentation

In addition, we assessed controls over aspects of grant management to determine whether JGA was adequately prepared to handle nearly \$12 million in 2009 Recovery Act funds.<sup>3</sup>

Our audit found that JGA had not met important OJP grant reporting, expenditure tracking, and monitoring requirements. Specifically, JGA:

- Charged the 2008 JAG award over \$600,000 in unallowable expenditures related to unapproved subrecipients. While these unallowable charges were subsequently reversed, we also identified multiple subrecipients that were receiving funding from both the 2006 and 2007 grants but, according to grant documentation, had not been approved as subrecipients under the awards. For the 2006 and 2007 grants, respectively, we noted \$45,295 and \$6,700 in charges for subrecipients not identified as approved subrecipients in the award documentation.
- Allocated over \$317,000 in unsupported administrative costs to the 2006, 2007, and 2008 JAG awards.

<sup>2</sup> Our audit objective, scope, and methodology are further discussed in Appendix I.

<sup>3</sup> We reviewed the 2009 Recovery Act Byrne Grant for expenditures through December 2009. The District of Columbia did not record any Recovery Act expenditures during this time period.

- Reimbursed subrecipients over \$8,000 from the 2008 JAG award for costs that were either unsupported or unallowable.
- Generally submitted Financial Status Reports (FSRs) to OJP on time, but did not accurately report 2008 JAG expenses. While the FSRs reflected the information found in the District of Columbia's official accounting records, the 2008 JAG award contained expenditures for unapproved subrecipients. As a result, the submitted FSRs did not accurately report the 2008 JAG expenses.
- Submitted incomplete progress reports to OJP, and did not adequately monitor the achievement of JAG Program goals and objectives.
- Could not provide documentation justifying or supporting award decisions to subrecipients by the former JGA Director. Therefore, we were unable to determine whether JGA's method for awarding sub-grants was fair and reasonable.
- Submitted required Recovery Act reports in a timely manner, and reported no expenditures for the 2009 Recovery Act JAG award. However, in the fourth quarter report, JGA reported that 18.85 jobs were created as a result of the Recovery Act.<sup>4</sup> The Recovery Act report submitted by JGA included a duplicate entry of hours worked, and therefore did not accurately reflect jobs created for the quarter.

As a result of these findings, we are concerned with JGA's ability to manage the nearly \$12 million in Recovery Act funds. Our report contains 20 recommendations. We discussed the results of our audit with JGA officials and have included their comments in the report as applicable.

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<sup>4</sup> JGA explained that according to Office of Management and Budget Memorandum 10-08, subrecipients are allowed to count a job as created as long as salaries are paid for or will be reimbursed with Recovery Act funding. Therefore, while JGA reported no expenditures during the reporting period, subrecipients paid for salaries during the period and either had not submitted a Request for Reimbursement or the Request for Reimbursement was not processed before the end of the reporting period.

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## INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant Program, Grant Award No. 2008-DJ-BX-0004 in the amount of \$872,084, and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program State Solicitation, Grant No. 2009-SU-B9-0006 in the amount of \$11,741,539, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Washington, D.C. Justice Grants Administration (JGA).<sup>5</sup> JGA is responsible for securing and managing federal grant funds related to juvenile and criminal justice for the District of Columbia.

The Edward Byrne Memorial Justice Assistance Grant (JAG) is a formula grant program in which the 50 states, the District of Columbia, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands are eligible to apply.<sup>6</sup> The purpose of the JAG Program is to allow states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their own local needs and conditions. JAG funds can be used for state and local initiatives, technical assistance, training, personnel, equipment, supplies, contractual support, and information systems for criminal justice for any one or more of the following purpose areas:

- Law enforcement programs
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- Drug treatment programs
- Planning, evaluation, and technology improvement programs
- Crime victim and witness programs (other than compensation)

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<sup>5</sup> Since fiscal year (FY) 2006, BJA awarded nearly \$20 million in Edward Byrne Memorial Justice Assistance Grant funds to JGA.

<sup>6</sup> Formula grant programs are noncompetitive awards distributed to states based on a specific funding formula. JAG formula awards are based on a State or Territory's share of violent crime and population.



## **Recovery Act**

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act are to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

As part of the Recovery Act, nearly \$2 billion was designated for the JAG Program. Through Recovery Act JAG funding, the Department of Justice (DOJ) focused support on all components of the criminal justice system, including multi-jurisdictional drug and gang task forces; crime prevention and domestic violence programs; and courts, corrections, treatment, and justice information sharing initiatives. Recovery Act JAG funded projects could address crime by providing services directly to individuals and communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

## **Audit Purpose**

The purpose of this audit was to determine whether reimbursements claimed were supported; allowable; and in accordance with applicable laws, regulations, guidelines, terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (9) Financial Status Reports, Progress Reports, and Recovery Act Reports; and (10) program performance and accomplishments.<sup>7</sup> We determined that program income and management of contractors were not applicable to these grants.

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<sup>7</sup> Under the 2008 grant, JGA identified the need to strategically focus on juvenile crime prevention, prisoner re-entry, and gun and gang violence reduction. To carry out these efforts, JGA competitively awarded funding to four subrecipients: (1) Court Appointed Special Advocates of Washington, D.C., (2) East of the River Clergy Police Community Partnership, (3) Metropolitan Police Department, and (4) Prisoner Outreach Ministry.

As shown in Exhibit 1, from FYs 2006 – 2009, JGA was awarded almost \$20 million in funding under both the JAG and Recovery Act JAG Programs. Our review focused on, but was not limited to, Grant Nos. 2008-DJ-BX-0004 and 2009-SU-B9-0006.

**Exhibit 1: FYs 2006 – 2009 JAG AWARDS TO THE DISTRICT OF COLUMBIA**

<b>Grant Award</b>	<b>Award Start Date</b>	<b>Award End Date</b>	<b>Award Amount</b>
2006-DJ-BX-0016	10/1/2005	9/30/2009	\$1,804,991
2007-DJ-BX-0055	10/1/2006	9/30/2010	2,647,465
2008-DJ-BX-0004	10/1/2007	9/30/2011	872,084
2008-DJ-BX-0737	10/1/2007	9/30/2011	58,826
2009-DJ-BX-0170	10/1/2008	9/30/2012	2,856,443
2009-SU-B9-0006 Recovery Act	3/1/2009	2/28/2013	11,741,539
<b>Total:</b>			<b>\$19,981,348</b>

Source: JGA award documentation

**Background**

OJP’s mission is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. OJP seeks to accomplish its mission by disseminating state-of-the-art knowledge and practices across America by providing grants for the implementation of these crime fighting strategies. To support this mission, BJA provides leadership and assistance to local criminal justice programs that improve and reinforce the nation’s criminal justice system, with goals to reduce and prevent crime, violence, and drug abuse and to improve the way in which the criminal justice system functions.

JGA administers grant funds focused on improving programs, policies, and coordination for Washington, D.C.’s juvenile and criminal justice systems. By administering grants to governmental units, and nonprofit, community, and faith-based organizations, JGA aims to enhance the criminal justice system, improve public safety, support crime victim services, and support drug and violence prevention programs throughout Washington, D.C.

## OIG Audit Approach

We tested compliance with what we considered to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide*, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars.<sup>8</sup> Specifically, we tested whether JGA complied with the following grant requirements:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants.
- **grant drawdowns** to determine if JGA was managing grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **management of subrecipients** to determine how JGA administered pass-thru funds;
- **Financial Status Reports, Progress Reports, and Recovery Act Reports** to determine if the required Financial Status Reports, Progress Reports, and Recovery Act Reports were submitted on time and accurately reflect grant activity; and
- **grant objectives and accomplishments** to determine if JGA met or is capable of meeting the grants' objectives.

In addition, we assessed controls over aspects of grant management to determine whether JGA was adequately prepared to handle nearly \$12 million in 2009 Recovery Act JAG funds.<sup>9</sup> The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I.

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<sup>8</sup> The Financial Guide serves as a reference manual that assists grant award recipients in their fiduciary responsibility to safeguard awarded funds and ensure funds are used appropriately.

<sup>9</sup> We reviewed the 2009 Recovery Act JAG award for expenditures through December 2009. The District of Columbia did not record any Recovery Act expenditures during this time period.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS**

JGA had not met important OJP grant reporting, expenditure tracking, and monitoring requirements over 2008 JAG funds. Although all grant expenditures must be allowable and supported with adequate documentation, the audit identified over \$324,000 in unsupported costs, mostly pertaining to the 10 percent administrative costs JGA charged the 2006, 2007, and 2008 JAG awards. Our audit also found that JGA charged the 2008 JAG award over \$600,000 in expenditures related to unapproved subrecipients. While these unallowable charges were subsequently reversed, we also identified multiple subrecipients that were receiving funding from both the 2006 and 2007 grants but, according to grant documentation, had not been approved as subrecipients under the awards. For the 2006 and 2007 grants, respectively, we noted \$45,295 and \$6,700 in charges for subrecipients not identified as approved subrecipients in the award documentation. In our judgment, this, in addition to not being able to support administrative charges, highlights a lack of rigorous controls over the JAG awards. JGA also did not accurately report the financial status of the 2008 award, and the annual progress reports submitted to OJP were not always timely and were often incomplete. While JGA conducted subrecipient monitoring on an annual basis, the reviews were not always complete, and JGA never followed up on recommendations. As a result of these weaknesses, we are concerned with JGA's ability to manage the nearly \$12 million in Recovery Act JAG funds.

#### **Internal Control Environment**

We reviewed Washington D.C.'s Single Audit Report and financial management system to assess JGA's risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from Washington D.C.'s Office of the Chief Financial Officer (OCFO) regarding payroll, purchasing, and reimbursements to further assess risk.

## *Single Audit*

According to Office of Management and Budget (OMB) Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a single audit conducted. Washington D.C.'s fiscal year (FY) is from October 1 through September 30, and for FY 2008 the District of Columbia was required to conduct a single audit. We reviewed the FY 2008 Single Audit Report for the District of Columbia and found that the audit indicated overarching material weaknesses, significant deficiencies, and noncompliance material to the financial statements as of September 30, 2008. There were 124 findings in the FY 2008 Single Audit Report; however, none of the findings related to the JAG awards, any other DOJ grant, or the DOJ as a whole. While none of the deficiencies relate directly to JGA or DOJ, we reviewed the auditor's assessment to identify control weaknesses and significant noncompliance issues. The auditor's assessment disclosed the following weaknesses overall for the District of Columbia that we determined may be pertinent to JGA's administration of the JAG Program: (1) investment and cash counts were not reconciled timely; (2) lack of segregation of duties within People Soft (payroll system); (3) noncompliance with procurement regulations; (4) inadequate monitoring of subrecipients; (5) inadequately supported time charges; (6) inaccurate Financial Status Reports; and (7) journal entries not supported by adequate documentation to help determine whether the underlying transactions were allowable under the grant.

## *Financial Management System*

JGA's official accounting is completed at the District of Columbia's OCFO, and the official accounting records are maintained in the System of Accounting and Reports (SOAR). The OCFO receives reimbursement request information from JGA, conducts a limited review and processes the information in the SOAR. The OCFO explained that information for grant Financial Status Reports is pulled from the SOAR. See the Reports section for more details and findings on the Financial Status Reports.

## **Drawdowns**

JAG award recipients are permitted to draw down the entire award amount in a lump sum and place the funds in an interest-bearing account. According to grant documents, JGA was required to meet special conditions, including establishing a trust account to deposit and maintain JAG funds. The OCFO explained that because all of JGA's drawdowns are done on a reimbursable basis, they never established a separate trust account for JAG funds. Further, according to the OCFO, they do not plan on establishing a

separate trust account for the Recovery Act JAG funds. While we understand that JGA operates on a reimbursable basis, nevertheless approval was never obtained from OJP and an exemption from this special condition was not documented in the grant file. Therefore, we recommend that OJP work with JGA to ensure compliance with this special condition.

## Grant Expenditures

The *OJP Financial Guide* also serves as a day-to-day management tool for award recipients and subrecipients in administering grant programs by establishing the factors affecting the allowability, reasonableness, and allocability of both direct and indirect costs charged to DOJ grants. Exhibit 2 displays the type of cost, the total value of the expenditures in each category, and the amount of unsupported or unallowable costs our testing identified.

### EXHIBIT 2: SUMMARY OF JAG CHARGES AND RESULTS OF TESTING<sup>10</sup>

Category	Total Costs Charged	Sampled Costs	Unsupported Costs	Unallowable Costs
<b>2006 JAG Award</b>				
Administrative	\$92,292	\$92,292	\$92,292	\$0
Unapproved Subrecipient	45,295	45,295	0	45,295
<b>2007 JAG Award</b>				
Administrative	190,611	190,611	190,611	0
Unapproved Subrecipient	6,700	6,700	0	6,700
<b>2008 JAG Award</b>				
Administrative	87,208	87,208	34,572	0
Accountable Property	0	0	0	0
Subrecipient	283,208	189,821	6,536	1,500
<b>Total</b>	<b>\$705,314</b>	<b>\$611,927</b>	<b>\$324,011</b>	<b>\$53,495</b>

Source: SOAR report, Subrecipient financial reports, and OIG analysis

#### *Administrative Costs*

The JAG Program allows each prime award recipient to charge up to 10 percent of the award amount for labor expenses, office supplies, accounting fees, consulting fees, storage, and website services. This means that the

<sup>10</sup> JGA did not expend funds awarded through the supplemental 2008 JAG (Award No. 2008-DJ-BX-0737). Therefore, this grant was not included as part of our testing.

2008 JAG award authorized JGA to allocate up to \$87,208 for these types of administrative costs. We reviewed all of JGA's 2008 JAG expenditures, which included only personnel costs, and found that JGA charged \$87,208 to the grant.

To determine if JGA personnel charges were supported and allowable, we obtained a listing of all personnel who had labor charged to the grant and compared the list to percentage allocation spreadsheets provided by JGA. We found that only JGA employees were allocating time to the 2008 JAG award; however, JGA could only provide supporting documentation for \$52,636 of the \$87,208 in administrative costs. JGA officials could not explain the \$34,572 difference, stating that all personnel and benefit expenditures should reconcile to amounts reported on the grant allocation spreadsheets maintained by JGA. Despite JGA's submission of these spreadsheets to its OCFO, the OCFO instead charged 10 percent of the award for salaries and benefits. JGA officials indicated that only the \$52,636 reported on the allocation spreadsheets was supported. Therefore, we recommend OJP require that JGA establish procedures for the allocation of administrative costs, and remedy \$34,572 in unsupported costs.

As a result of the discrepancy noted above, we reviewed the personnel costs charged to the 2006 and 2007 JAG awards and attempted to compare the amount expensed to the allocation spreadsheets completed by JGA. JGA could not provide supporting documentation for the 2006 and 2007 JAG awards administrative payroll expenses and were unaware of how previous JGA officials calculated these costs. Therefore, because the supporting documentation was not available, we question \$92,292 and \$190,611 in administrative charges under the 2006 and 2007 JAG awards, respectively. We recommend OJP remedy the \$282,903 in unsupported costs.

### *Accountable Property*

The Financial Guide requires that property acquired with federal funds be adequately protected from loss. It also states that grant recipient and subrecipient property records must be maintained and include, at a minimum, a description of the property, serial number or other identification number, location of the property, and records that indicate the use and condition of the property. After multiple requests for a list of accountable property purchased with the 2008 JAG award, JGA advised that they do not maintain a property inventory list. Although we were able to verify that no accountable property was purchased using 2008 JAG funds, we remain concerned over the lack of an inventory system as well as the inability to meet the Financial Guide requirements mentioned above. Therefore, we recommend OJP require that JGA implement policies and procedures for

maintaining an inventory of accountable property and equipment that meets the Financial Guide requirements.

### *Subrecipient Expenditures*

To accomplish the JAG goals and objectives, about 55 percent, or \$483,950 of the total grant was awarded to four subrecipients throughout Washington, D.C. The four subrecipients were the Court Appointed Special Advocates for Children of Washington, DC (CASA), East of the River Clergy Police Community Partnership (ERCPCP), Metropolitan Police Department (MPD), and Prisoner Outreach Ministry (POM).

To determine the amount charged to the grant by JGA and the approved subrecipients, we reviewed the SOAR records. We found that although JGA awarded \$483,950 in grant funds to the four approved subrecipients, expenses totaling \$651,234 were charged by five unapproved subrecipients, as summarized by Exhibit 3.



**EXHIBIT 3: COMPARISON OF 2008 SUBRECIPIENT AWARD AMOUNTS AND EXPENDITURES AS OF SEPTEMBER 2009**

<b>2008 Subrecipients</b>	<b>Award Amount</b>	<b>Charged Amount</b>
<b>Approved Subrecipients</b>		
Court Appointed Special Advocates	\$100,026	\$44,622
East of the River Clergy Police Community Partnership – Woodland Terrace Youth Intervention Program	115,924	35,104
Metropolitan Police Department	160,000	159,527
Prisoner Outreach Ministry	108,000	43,955
<b>Subtotal for Approved Subrecipients</b>	<b>\$483,950</b>	<b>\$283,208</b>
<b>Unapproved Subrecipients</b>		
D.C. Courts	\$0	\$65,000
Superior Court of D.C.	0	384,781
P.C.S. for Student Support Services	0	125,019
Executive Office of the Mayor	0	1,393
East of the River Clergy Police Department Community Partner – “Other” program	0	75,041
<b>Subtotal for Unapproved Subrecipients</b>	<b>\$0</b>	<b>\$651,234</b>
<b>Total</b>	<b>\$483,950</b>	<b>\$934,442</b>

Source: OJP Grant award and Subrecipient grant award documentation

We discussed with JGA’s OCFO and other JGA grant officials the payments to the unapproved subrecipients. We were told that these charges were posted to the 2008 JAG award because budgets were not loaded for other grants.<sup>11</sup> JGA and the OCFO reversed some of the charges prior to the initiation of our audit, and completed the remainder of the reversing charges by January 2010 as a result of this audit.

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<sup>11</sup> Two of the unapproved subrecipients, P.C.S. for Student Support Services and ERCPCP, were recipients of 2007 JAG funding. Because the \$200,060 was posted incorrectly to the 2008 JAG award, we are concerned that the 2007 JAG award could have been overspent had the charges been posted to the correct grant.

Because JGA did not identify all of the unallowable charges in their reconciliation of the 2008 JAG expenditures to approved subrecipients, we reviewed a listing of approved subrecipients for the 2006 and 2007 JAG awards. We compared this list to the respective SOAR report to identify whether unapproved subrecipients received JAG funding. We identified multiple subrecipients that were receiving funding from both the 2006 and 2007 grants but, according to grant documentation, had not been approved as subrecipients under the awards. For the 2006 and 2007 grants, respectively, we noted \$45,295 and \$6,700 in charges for subrecipients not identified as approved subrecipients in the award documentation.

Our audit found that JGA has a limited review process for monitoring the financial aspects of the grants to ensure that only approved subrecipients and authorized charges are posted to the grants. As a result, we are concerned that approved subrecipients may not be fully benefiting from DOJ JAG funds made available to JGA, and that these funds may have been used for purposes not approved under the JAG awards. Therefore, we recommend OJP require that JGA implement a formal process for reviewing and reconciling grant expenditures in a timely manner. We also recommend that OJP remedy unapproved charges of \$45,295 to the 2006 JAG award, and \$6,700 to the 2007 JAG award.<sup>12</sup>

We also selected a judgmental sample of 81 expenditures totaling \$189,821 from the four approved subrecipients to determine whether the charges that were posted to the grant were allowable and in accordance with grant requirements. We reviewed supporting documents and spoke with JGA and subrecipient officials about how they incurred, approved, and paid for these costs. Exhibit 4 summarizes the sampled expenditures and the results of our testing.

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<sup>12</sup> As of September 30, 2009, the 2006 JAG award budget period ended.

**EXHIBIT 4: SUMMARY OF TESTING OF  
SUBRECIPIENT EXPENDITURES**

<b>2008 Subrecipients</b>	<b>Sampled Costs</b>	<b>Unsupported Costs</b>	<b>Unallowable Costs</b>
Court Appointed Special Advocates for Children of Washington, D.C. (CASA)	\$21,867	\$4,094	\$1,500
East of the River Clergy Police Community Partnership (ERCPCP)	10,014	716	0
Metropolitan Police Department (MPD)	143,211	585	0
Prisoner Outreach Ministry (POM)	14,729	1,141	0
<b>Total</b>	<b>\$189,821</b>	<b>\$6,536</b>	<b>\$1,500</b>

Source: JGA Expenditure listing and OIG analysis.

Court Appointed Special Advocates for Children of Washington, D.C.

In 2008, \$100,026 was awarded to CASA in support of the Dual Jacket Program. The Dual Jacket Program allows volunteers to be advocates on behalf of a foster youth who has been placed in the child welfare system because of abuse or neglect, subsequently arrested for a crime, or placed in the juvenile justice system. These volunteers enhance coordination amongst agencies, organizations, and individuals providing services to these youths.

CASA's direct expenses submitted to JGA through September totaled \$44,622 and were primarily used for salaries and benefit expenses, accounting fees, communication, contract labor, and computer expenses. JGA approved all of the selected transactions and subsequently reimbursed CASA for expenditures that were not always properly supported and allowable. As noted in Exhibit 5, we found over \$4,000 in expenses that were not adequately supported.

**EXHIBIT 5: UNSUPPORTED CASA EXPENDITURES**

<b>Unsupported Expenses</b>	<b>Transaction Date</b>	<b>Amount</b>
Consulting - Danbury Group	5/28/09	\$1,300.00
Insurance - Met Life	12/16/08	393.60
Volunteer - Choice Point	3/31/09	42.75
Equipment Rental –Dell Financial Services	2/21/09	9.18
Rent – Archon Group, INC	2/18/09	100.00
Salaries – Paychex	3/19/09	1,496.81
Salaries – Paychex	5/28/09	751.49
<b>Total</b>		<b>\$4,093.83</b>

Source: CASA General Ledger and OIG analysis.

In addition, \$1,500 was charged by CASA and approved by JGA for an audit of the 2007 financial statements. Considering the JAG was awarded in 2008 and therefore not included on the financial statements of CASA in 2007, the expense is not allowable on the 2008 JAG award. We recommend OJP remedy the \$4,094 of unsupported costs and the \$1,500 in unallowable costs.

East of the River Clergy Police Community Partnership

In 2008, \$115,924 was awarded to ERCPCP in support of the Woodland Terrace Youth Intervention Program. This program was designed to identify young people in troubling situations and promote community strengthening activities, as well as create collaborations and partnerships with other service and community organizations.

As mentioned previously, ERCPCP was a subrecipient of both the 2007 and 2008 JAG awards and was being reimbursed with 2008 grant funds for a program that was not approved under the grant. As such, we had a difficult time obtaining a list of only expenses for the 2008 approved ERCPCP program under the award. Although we chose a judgmental sample of expenditures, we could not ensure that ERCPCP or JGA had provided a complete listing of expenses, and therefore, our testing may be based off of an incomplete list of expenditures charged to the grant.

ERCPCP’s direct expenses through September 2009 totaled \$35,104 for salaries and benefits, program supplies, travel, and food. JGA approved each of the selected transactions and subsequently reimbursed ERCPCP for expenditures that were not supported and may not have been allowable. As noted in Exhibit 6, we found \$716 in expenses that were either not properly

supported or an explanation was not available for why certain payroll taxes were charged. We recommend OJP remedy \$716 in unsupported costs.

**EXHIBIT 6: UNSUPPORTED ERCPCP EXPENDITURES**

<b>Unsupported Expenses</b>	<b>Transaction Date</b>	<b>Amount</b>
Payroll Taxes	1/19/09	\$102.98
Payroll Taxes	4/17/09	269.23
Payroll Taxes	7/24/09	269.23
Program Supplies - Supplies for Young Men's Training Session	1/09/09	75.00
<b>Total</b>		<b>\$716.44</b>

Source: ERCPCP General Ledger and OIG analysis.

Metropolitan Police Department

In 2008, \$160,000 was awarded to MPD in support of the Gang Violence Reduction Intelligence Program. The program was designed to enhance community outreach, deter gang activities, and ultimately result in the reduction of violent crime.

MPD’s direct expenses through September 2009 totaled \$159,527 and were comprised of expenses to fund the advertising campaign for their tip line, training conferences and travel, and equipment for the program. JGA approved each of the selected transactions and subsequently reimbursed MPD for an expenditure that was not supported. Based on a judgmental sample of expenses, we found that neither JGA nor MPD could provide adequate support for \$585 in hotel and food costs for a gang investigator conference. We recommend OJP remedy \$585 in unsupported costs.

Prisoner Outreach Ministry

In 2008, \$108,000 was awarded to Prisoner Outreach Ministry in order to support the Welcome Home Re-Entry Program. The Welcome Home Re-Entry Program works to reduce recidivism, educate the community, and develop strong systems of support, by building relationships and matching returning individuals with compassionate volunteer mentors from communities of faith and civic organizations.

POM's direct expenses through September 2009 totaled \$43,955 and were comprised of expenses to fund salaries and benefits, program supplies, and travel. JGA approved each of the selected transactions and subsequently reimbursed POM for expenditures that were not supported. Based on a judgmental sample of expenses we found, as noted in Exhibit 7, \$1,141 in expenses that were not adequately supported. We recommend OJP remedy \$1,141 in unsupported costs.

**EXHIBIT 7: UNSUPPORTED POM EXPENDITURES**

<b>Unsupported Expenses</b>	<b>Transaction Date</b>	<b>Amount</b>
Joyce Void Fringe	12/26/08	\$251.12
Joyce Void Fringe	3/20/09	251.12
Joyce Void Fringe	6/12/09	488.26
Joyce Void Travel	12/15/08	150.50
<b>Total</b>		<b>\$1,141.00</b>

Source: POM General Ledger and OIG analysis.

As a result of our review of the subrecipient expenditures, we are concerned with JGA's internal procedures for matching reimbursement requests to adequate supporting documentation. Therefore, we recommend OJP require JGA implement a procedure to ensure that only supportable expenditures are charged to the grant.

*Supplanting*

According to OJP, federal funds must be used to supplement existing state and local funds for program activities and must not replace those funds that have been appropriated for the same purpose. To determine whether JGA used grant funds to supplant existing District of Columbia funds for program activities, we reviewed its fiscal year 2009 and 2010 budgets for the 2008 and 2009 Recovery Act JAG awards. Based on our review of the budgets, we found no indication that JGA used federal funds to supplant District of Columbia funds.

**Management of Subrecipients**

In order to appropriately manage subrecipients, JGA is responsible for: (1) soliciting subrecipients for federal awards, (2) reviewing applications and making awards, (3) providing training and technical assistance to award winners, (4) approving subrecipient reimbursement requests, (5) monitoring the subrecipients, and (6) overseeing subrecipient reporting.

## *Solicitation Process*

JGA solicited applicants for grant funding under the 2008 and 2009 JAGs. Solicitations were posted through the Office of Partnership and Grants Services, on JGA's website, and in the DC Register. Exhibit 8 provides details on solicitation dates and awards.

### **EXHIBIT 8: JGA SOLICITATIONS AND AWARDS<sup>13</sup>**

<b>Grant No. 2008-DJ-BX-0004</b>	
Date of the Award to JGA	August 19, 2008
Date of State-level solicitation to subrecipients	April 7, 2008
Date that applications are required to be returned	May 16, 2008
Date that awards were planned to be made	October 1, 2008
<b>Grant No. 2009-SU-B9-0006 (Recovery Act)</b>	
Date of the Award to JGA	April 29, 2009
Date of State-level solicitation to subrecipients	April 6, 2009
Date that applications are required to be returned	May 15, 2009
Date that awards were planned to be made	October 1, 2009

Source: JGA grant solicitations

We reviewed the solicitation issued by both JGA and OJP regarding the 2008 JAG award, and found that the solicitation issued by JGA accurately describes the grant program and requirements of the grant in comparison to the OJP solicitation.

## *Awards Process*

According to JGA officials and JGA's draft Policies and Procedures Manual, the awarding process for subrecipients is as follows:<sup>14</sup>

- Applications that meet the Request for Application (RFA) and application criteria are reviewed and scored by an independent review panel. The review panel uses a scoring form that assesses the application against specific programmatic components and key criteria highlighted in each RFA.

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<sup>13</sup> We noted the date of the state-level solicitation to subrecipients was prior to the date of award to JGA. We take no exception to this as JGA did not plan to give out the awards to subrecipients until after receiving the JAG award from BJA.

<sup>14</sup> At the time of our review, JGA did not have a finalized policy in place outlining the solicitation and award process.

- The JGA Grant Managers or JGA's review panel determine the highest rated applications for each RFA.
- The Grant Managers and JGA Director conduct reviews and provide scores for each application.
- After all scores are received, the JGA Director or panel consultant schedules meetings with each review panel to discuss the applications' strengths and weaknesses and the ratings. If possible, a consensus on preliminary funding decisions is identified.
- The final funding decisions rest solely with the JGA Director, as the scoring and the recommendations of the review panel are only advisory.

As part of our review, we attempted to take a judgmental sample of selected and rejected subrecipient applications to determine whether grant funding was awarded on a competitive basis. We requested a list of the subrecipient applicant names for the 2008 JAG Program and the 2009 Recovery Act JAG Program. JGA could only provide limited documentation for subrecipients who applied for funding under the 2008 JAG Program. Although JGA provided the applications for the four selected subrecipients, it was only able to provide three of the four evaluation scores for those subrecipients.<sup>15</sup> JGA stated that they were unable to find the remainder of the applicant information.<sup>16</sup> As such, we were unable to select a judgmental sample from the 2008 JAG Program. JGA was able to provide a full list of applicants for the 2009 Recovery Act JAG Program, as well as the documentation for the selected judgmental sample.

Based on our sample, we found that JGA did not always award funds to those subrecipients with the highest ranking peer review scores. JGA indicated that these decisions were made at the Director's discretion, but could not provide documentation justifying or supporting the decisions.<sup>17</sup>

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<sup>15</sup> JGA stated that it could not determine if the subrecipient in question participated in the competitive process for the grant, and that there was insufficient documentation in the file to determine how the decision was made to fund the program.

<sup>16</sup> JGA was only able to provide evaluation scores for one rejected applicant.

<sup>17</sup> The majority of the Recovery Act award decisions were made by the former JGA Director. Only one subrecipient award decision was made by the current JGA Director. This one award subrecipient had a lower peer review score, but JGA was able to provide a reasonable explanation justifying the award.



Furthermore, there was at least one instance in which JGA awarded funding without providing an evaluation score. As such, we are unable to determine whether the method used was fair and reasonable.

At the time of our review, JGA did not have a finalized policy in place outlining the solicitation and award processes. JGA officials stated although an older policy for grants administration existed, concerns over its adequacy prompted its on-going revision. As a result, JGA has been working to provide a more comprehensive grants management policy to include revised measures for the solicitation and award processes. However, in our judgment, without formalized policy, JGA's solicitation and awarding process may be inconsistent from year to year and may not allow for competitive award decisions.

Further, the draft version of JGA's Policies and Procedures Manual authorizes JGA's Director final decision authority. However, this may not always provide transparency into the award-making process. We are concerned that by not documenting the reasons for final award decisions, JGA risks impairing the transparency of its award-making process. Therefore, we recommend that OJP require JGA to develop and implement policies and procedures outlining the grants solicitation and award process. This policy should require the JGA Director to justify decisions outside of the peer review results. For example, the justifications should require JGA's Director to: (1) list all applications received to include the lowest scoring application to be funded and every application scoring higher regardless of whether it was funded, and (2) explain why an application either received or did not receive funding.

### *Training and Technical Assistance*

During the audit, subrecipients were provided training through a webinar. The training provided subrecipients with updated reporting requirements and informed them of new templates and forms that will be required for all subrecipients. Included in the new forms are updated programmatic reports that tie accomplishments to the goals and objectives of the grant, a time card report specifically for Recovery Act supported positions, and a Financial Grants Workbook. JGA officials also indicated that they are starting a Subrecipient Forum in FY 2010 to allow subrecipients to share the status of current project activities and best practices, identify common challenges and concerns, and receive technical assistance from peers.

## *Management of Funds*

JGA officials explained that payments are made to subrecipients based on requests, which are submitted on a quarterly basis.<sup>18</sup> Upon receipt, JGA reconciles the requests to supporting documentation and must approve the reimbursement request prior to submission to the OCFO, who is responsible for processing the payment.

As previously discussed, we selected a judgmental sample of 81 expenditures totaling \$189,821 from the four approved subrecipients to determine whether the charges that were posted to the grant were allowable and in accordance with grant requirements. As a result of our review, we identified \$6,536 in unsupported costs and \$1,500 in unallowable costs, and recommended that OJP require JGA implement a procedure to ensure that only supportable expenditures are charged to the grant

## *Monitoring*

Grant monitoring is an essential tool to ensure that grant programs are implemented, objectives are achieved, and grant funds are properly expended. To this end, OJP requires that sub awards be monitored throughout the life of the grant to ensure that: (1) the subrecipient complies with the programmatic, administrative, and fiscal requirements of the relevant statutes, regulations, policies, and guidelines; (2) programs initiated by the subrecipient are carried out in a manner consistent with the relevant statutes, regulations, policies, and guidelines of the program; (3) the subrecipient is provided guidance on policies and procedures, grant program requirements, general federal regulations, and basic programmatic, administrative, and financial reporting requirements; and (4) any problems that may impede the effective implementation of grant programs are identified and resolved.

The 2008 JAG award contained four approved subrecipients. We reviewed pertinent documents and discussed the monitoring and oversight procedures with both JGA and each of the subrecipients.

## Site Visit

JGA annually conducts a site visit of each subrecipient. Each site visit lasts one day and while on-site, JGA uses a Site Visit Assessment Worksheet, which is a standard template that walks the reviewer through

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<sup>18</sup> Subrecipients can obtain special permission to submit reimbursement requests containing their expenditures on a monthly basis.

the necessary steps, including a review of the grant file, any subrecipient documents, and a program review. The reviewer looks at both financial and programmatic policies and procedures in place at the subrecipient level to ensure that grant funds are used accordingly. The worksheet allows for the reviewer to document compliance with the review step; identify strengths within that step; and pose any appropriate questions, concerns, and recommendations.

The annual JGA site visit assessment is broken down into three primary review areas:

- The Grant File Review section includes a review of the award letter, agreement, and certifications; the project application and budget; request for funds and project expenditure reports; quarterly match reports; quarterly programmatic reports; problem notifications; and Grant Adjustment Notices;
- The Sub-Grant Documentation section consists of a review of the subrecipient award file; policies and procedures for personnel, accounting, and procurements; financial reports; and the most recent audit reports or financial review; and
- The Programmatic Review section focuses on goals and performance measures; program structure; program activities; sustainability; lessons learned; and administrative or programmatic technical assistance, training, and support needed.

In 2009, JGA completed a site visit for each of the 2008 JAG subrecipients. However, JGA did not complete the programmatic review section of the Site Visit Assessment Worksheet. We discussed with JGA their procedures for overseeing subrecipient program accomplishments, and methods for compiling the annual progress report. Although JGA requires quarterly programmatic reports from each subrecipient, and indicated the quarterly reports are used to compile the annual report, we determined that the progress reports submitted annually by JGA lack pertinent information on the programs' accomplishments and instead, often documented the goals and objectives stated by the subrecipients.<sup>19</sup> We reviewed the subrecipient quarterly reports and while they seemed to be in line with JAG objectives, JGA officials revealed that they do not verify the accuracy of the quarterly reports.

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<sup>19</sup> Due to the limited amount of information reported in the 2008 JAG Progress Report, we reviewed JGA's annual 2006 and 2007 reports.

Therefore, while we reviewed and summarized subrecipient quarterly reports for the 2006, 2007, and 2008 JAG awards, we could not attest to the accuracy of the information and could not determine whether the goals and objectives of any of the three JAG awards were met.<sup>20</sup> As a result, we recommend that OJP require JGA to develop procedures for assessing and verifying subrecipients' progress toward their goals and objectives. We believe that the procedures should require supporting documentation from subrecipients to validate the accuracy of the quarterly programmatic reports. These procedures will, in turn, allow JGA to submit complete progress reports to OJP and conduct oversight of the goals and objectives.

Additionally, JGA issues a post-site visit letter to subrecipients. This letter features general recommendations, and if necessary, will include grant specific recommendations. We noted that each post-site visit letter contained the same five general recommendations for the four subrecipients and JGA made specific recommendations that two of the subrecipients explore avenues for standardizing training for mentors and volunteers serving the program.<sup>21</sup> While JGA issued recommendations, they do not conduct follow-up to ensure necessary actions are taken and recommendations are resolved. Further, JGA does not use the findings to assess risk associated with subrecipients when considering them for future awards. Because JGA does not follow-up on its recommendations to subrecipients, and does not use site visit findings to assess the risks for future grant awards, the reviews appear to serve a limited purpose. As such, we recommend that OJP require that JGA create and implement site visit follow-up procedures on prior JGA recommendations.

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<sup>20</sup> Appendix II contains 2006, 2007, and 2008 JAG program accomplishments as they relate to JGA's priority areas.

<sup>21</sup> These recommendations consisted of: (1) utilizing the correct award numbers in communications to the grantee; (2) referencing only the current award year and budget when requesting funds; (3) providing more specific details of grant accomplishments in the programmatic reports; (4) submitting both electronic and hard copy versions of request for funds and programmatic reports; and (5) submitting all third quarter requests for funds by July 15<sup>th</sup>.

## Reports

According to the *OJP Financial Guide*, award recipients are required to submit both financial and program reports. These reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information. We reviewed the Financial Status Reports (FSRs), the Annual Categorical Assistance Progress Reports (Progress Reports), and the Recovery Act Reports submitted by JGA to determine whether each report was timely and accurate.

### *Subrecipient Reporting*

According to JGA, subrecipients are required to report on a quarterly basis financial expenditures, program performance and accomplishments, and Recovery Act report information, including hours worked. In addition to the required Quarterly Recovery Act Report, subrecipients are also required to submit a monthly Time Card Report to JGA for Recovery Act supported positions. JGA and the OCFO use the information reported by subrecipients to compile FSRs, Progress Reports, and Quarterly Recovery Act Reports.

### *Financial Status Reports*

According to the *OJP Financial Guide*, quarterly FSRs are due no later than 45 days after the end of the quarter, with final FSRs due within 90 days after the end of the award. From October 2008 through September 2009, JGA submitted a total of four FSRs for the 2008 JAG award. We tested the timeliness of these submissions and found that three of the four reports were submitted on time, with only one submitted 10 days late.

The Financial Guide also states that FSRs should be accurate and disclose only expenditures and un-liquidated obligations at the lowest funding level related to the grant.<sup>22</sup> To verify FSR accuracy, we compared financial activity reported on the FSRs to expenditures recorded in the organization's accounting system.<sup>23</sup> At the time of our review, the FSRs

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<sup>22</sup> Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded.

<sup>23</sup> In determining the amount according to the accounting system, we included the reversal transactions that the OCFO processed for the unapproved subrecipient expenditures.

reflected the information found in the SOAR.<sup>24</sup> However, as mentioned previously, the 2008 JAG award contained expenditures for unapproved subrecipients. As a result, the submitted FSRs, while reflecting what was in the SOAR at the time, did not accurately report the 2008 JAG expenses. The SOAR information presented in Exhibit 9 below has been adjusted to reflect only those charges accurately posted to the 2008 JAG award. We found a difference of more than \$466,000 between what was reported on the FSRs and actual expenditures for the approved subrecipients.

**EXHIBIT 9: COMPARISON OF REPORTED AND ACTUAL GRANT EXPENSES**

Quarter Ending	Reported Outlays		Variance
	Per FSR	Adjusted SOAR Report	
12/31/2008	\$0.00	\$0.00	\$0.00
3/31/2009	119,680.29	54,878.16	64,802.13
6/30/2009	1,380.63	77,384.45	-76,003.82
9/30/2009	751,023.08	273,455.22	477,567.86
<b>TOTAL</b>	<b>\$872,084.00</b>	<b>\$405,717.83</b>	<b>\$466,366.17</b>

Source: JGA Financial Status Report and Accounting System

Because OJP relies on the FSRs to obtain an accurate picture of grant expenditures, it is essential that JGA ensure these reports accurately reflect grant activity. As such, we recommend that OJP require JGA to reconcile the 2008 JAG reimbursements and retroactively correct and resubmit all FSRs for the 2008 JAG award.<sup>25</sup>

*Annual Progress Reports*

OJP requires all JAG recipients to submit annual progress reports. For FY 2008 and prior, the permanent annual reporting period for all state and local JAG awards is January 1 through December 31, with reports due March 31. For FY 2009 and forward, including Recovery Act JAG grants, state recipients must submit annual progress reports and quarterly Performance Metric Tool (PMT) reports. The annual progress reporting period is the award start date through September 30, with reports due

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<sup>24</sup> Based on our testing, the quarterly amounts specified in the FSR did not match the SOAR amount; however, the overall cumulative grant expenses reported in the SOAR matched that reported on the fourth FSR.

<sup>25</sup> As a result of the 2007 JAG expenditures inaccurately being posted to the 2008 JAG award, the accuracy of the 2007 JAG FSRs are also questionable.

November 29. The quarterly PMT reports are due on the 30<sup>th</sup> of the month following the close of a quarter. State recipients may use the four PMT reports to satisfy the annual reporting requirement by uploading the reports into the OJP Grant Management System.

For the 2008 JAG award, we selected for review the first two progress reports submitted. We found that the first report was timely, but as of March 31, 2010, JGA had not submitted the second progress report. We also reviewed the annual progress report submitted for the 2009 Recovery Act JAG award, and found that JGA did not submit the report in a timely manner. The first report that JGA submitted on December 14, 2009, encompassed the period of October 1, 2008 through September 30, 2009. While the grant had no financial or programmatic activity during this period, the report had the wrong grant number. Upon request, JGA later provided us with the correct progress reports for the periods March 1, 2009 through September 30, 2009, and October 1, 2009 through December 31, 2009. However, as of March 31, 2010, JGA had not uploaded the correct progress reports into OJP's Grants Management System (GMS). Therefore, JGA has not provided OJP with the correct progress reports for the 2009 Recovery Act JAG award. We recommend that OJP require JGA to upload the correct progress reports into GMS for the 2009 Recovery Act JAG.

As discussed in the Site Visit section of this report, JGA did not verify the accuracy of program information submitted by subrecipients in their quarterly reports. Without verifying the accuracy of subrecipient program information, JGA's ability to accurately determine whether JAG objectives are being met is questionable.

#### *Quarterly Recovery Act Reports*

In addition to standard reporting requirements, grantees receiving Recovery Act funding must also submit quarterly reports, which require both financial and programmatic data specific to Recovery Act activities. According to BJA and OMB guidance, Recovery Act Reports are due 10 days after the close of each quarter.<sup>26</sup>

In order to facilitate JGA's submission of the required Quarterly Recovery Act reports, JGA requires subrecipients to submit a monthly Time Card Report. JGA uses the hours reported by subrecipients to calculate the number of Full Time Equivalents (FTE). According to OMB Memorandum

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<sup>26</sup> According to FederalReporting.gov Guidance, the recipient reporting due date of January 10, 2010, was extended to January 22, 2010.

10-08, dated December 18, 2009, the formula for calculating FTEs is laid out in Exhibit 10.

### EXHIBIT 10: FORMULA FOR CALCULATING FTE's

Total Number of Hours Worked and Funded by Recovery Act within Reporting Quarter	÷	Quarterly Hours in a Full-Time Schedule	=	FTEs
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Source: OMB Memorandum 10-08

JGA submitted both the third and fourth quarter 2009 Recovery Act Reports on time and reported no expenditures or program achievements for either period. However, in the fourth quarter report, JGA reported that 18.85 jobs were created as a result of the Recovery Act. JGA explained that according to the OMB Memorandum 10-08, subrecipients are allowed to count a job as created as long as salaries are paid for or will be reimbursed with Recovery Act funding. Therefore, while JGA recorded no expenditures during the reporting period, subrecipients paid for salaries during the period and either the subrecipients had not submitted a Request for Reimbursement or the Request for Reimbursement was not fully processed before the end of the reporting period. Therefore, we take no exception to JGA reporting jobs created during the period.

Both JGA and the City Administrator are responsible for approving the data submitted by subrecipients that is used to calculate jobs created. This information must be signed off by both agencies before it can be submitted through Federal reporting. We interviewed JGA personnel to determine their process for verifying the accuracy of the jobs created. While JGA has no written procedures for verifying this information, a JGA official advised that they compare the hours reported to the monthly Time Card Report submitted by subrecipients and to the reimbursement requests to identify any discrepancies. The City Administrator, however, has no procedures in place to verify or test the accuracy of the information. Although JGA indicated that they had procedures in place to verify the data, the Recovery Act report submitted by JGA included a duplicate entry of hours worked, and therefore did not accurately reflect jobs created for the quarter. Exhibit 11 below details the results of our testing.



**EXHIBIT 11: ACCURACY OF FTE DATA FOR  
OCTOBER 1, 2009 THROUGH DECEMBER 31, 2009**

<b>Grant Awardees</b>	<b>Total FTEs Reported</b>	<b>Total FTEs Supported</b>	<b>Difference<sup>27</sup></b>
<b>Prime Recipient</b>	.52	.52	0
<b>Subrecipients</b>	18.33	18.11	.22
<b>Total FTE</b>	<b>18.85</b>	<b>18.63</b>	<b>.22</b>

Source: Recovery Act Reports and JGA Time Card Reports

As a result, we recommend that OJP require JGA to implement written procedures for testing the accuracy of its Recovery Act reports.

**Program Performance Measures and Accomplishments**

Consistent with the goals of the JAG Program, the purpose of the District of Columbia awards was to allow JGA to focus efforts on crime prevention and education, drug treatment, law enforcement initiatives, and technology improvements. For example, the goals and objectives of the FY 2008 award are consistent with Washington, D.C.'s public safety and justice mission. The District of Columbia identified the need to strategically focus on three main priority areas: (1) Juvenile Crime Prevention; (2) Prisoner Re-entry; and (3) Gun and Gang Violence Reduction efforts, all of which fall within the allowable JAG Program areas.

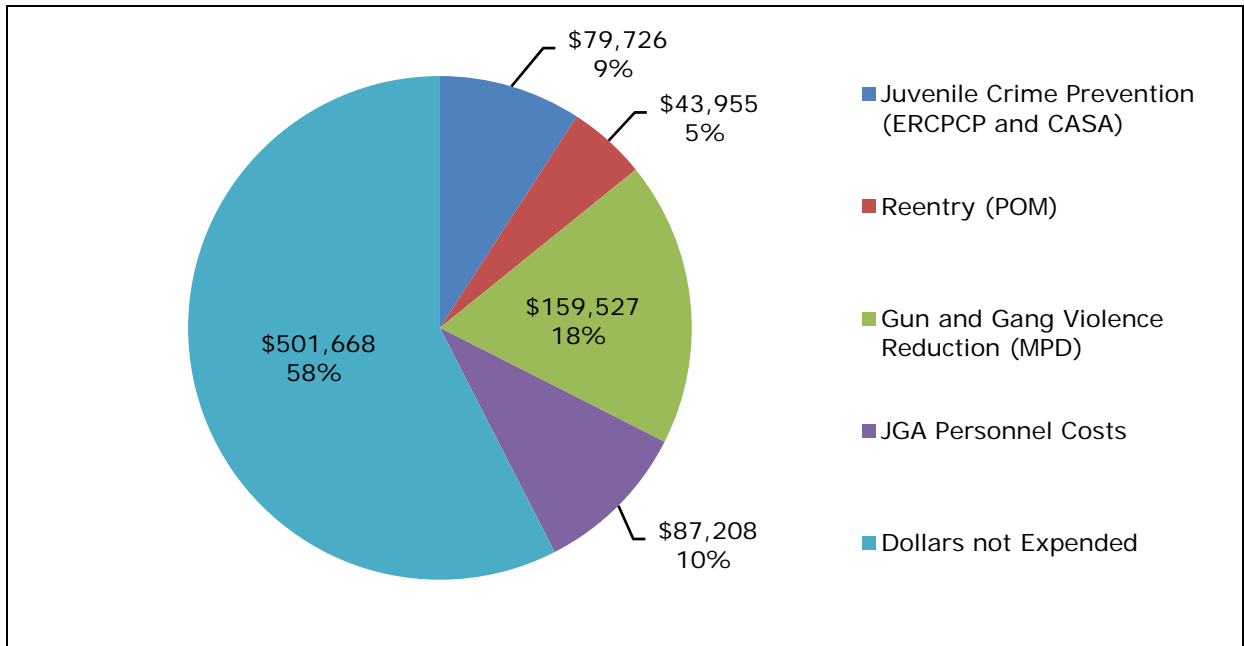
JGA indicated that the funds received through the 2008 JAG award will be used for community watch programs, family interventions, and graffiti removal. Further, JGA recognized the barriers criminal offenders face when they re-enter the community and the need to eliminate such obstacles, including the ability to find stable housing, employment, substance abuse treatment, education and training, and access social services in establishing drug- and crime-free lives. Additionally, JGA agreed to continue efforts to intervene through programs that provide mediation, as well as programs that divert youth who are involved in, or are at risk of involvement in, gangs.

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<sup>27</sup> The difference results from a duplicate entry of hours worked within the Recovery Act report submitted by JGA.

As shown in Exhibit 12, and described in Appendix II, we determined that the 2008 JAG funds were awarded and expended by subrecipients within each purpose area mentioned.<sup>28</sup>

**EXHIBIT 12: GRANT NO. 2008-DJ-BX-0004 EXPENDITURES BY PURPOSE AREA**



Source: Expenditures by subrecipients according to JGA grant records

JGA was also awarded nearly \$12 million in Recovery Act JAG funds to strengthen its comprehensive crime control and prevention strategy. According to JGA, the FY 2009 Recovery Act JAG award will be used to invigorate its comprehensive crime control and prevention strategy. To bolster law enforcement programs and retain and create public safety jobs, JGA will channel funds toward three main areas: (1) technology to enhance core operations, (2) communications and computer equipment to improve multi-agency collaboration, and (3) research and evaluation to increase transparency and accountability on program performance. JGA plans to disburse funds among the following purpose areas: law enforcement (10 percent), prevention and education (15 percent), technology and research (25 percent), and corrections and community corrections (50 percent). Special emphasis within these three areas will be on at-risk youth or status offender diversion, data and technology capacity improvements, diversion initiatives, evidence based services for adjudicated youth, prisoner re-entry, and research and evaluation.

<sup>28</sup> Through our analysis of subrecipient goals and objectives, we determined and categorized subrecipient expenditures by program area.

As of December 2009, JGA had not expended any Recovery Act funds so we cannot compare their plan for the Recovery Act funds with actual expenditures.

## **Conclusion**

JGA had not met important OJP grant reporting, expenditure tracking, and monitoring requirements over 2008 JAG funds. Over \$600,000 in unallowable expenditures were charged by JGA to the 2008 JAG award. While these unallowable charges were subsequently reversed, we also identified multiple subrecipients that were receiving funding from both the 2006 and 2007 grants but, according to grant documentation, had not been approved as subrecipients under the awards. For the 2006 and 2007 grants, respectively, we noted \$45,295 and \$6,700 in charges for subrecipients not identified as approved subrecipients in the award documentation.

Further, JGA allocated over \$317,000 in unsupported Administrative costs to the 2006, 2007, and 2008 JAG awards and reimbursed subrecipients over \$8,000 from the 2008 JAG award for costs that were either unsupported or unallowable. JGA generally submitted FSRs to OJP on time, but did not accurately report 2008 JAG expenses. While the FSRs reflected the information found in the SOAR, the 2008 JAG award contained expenditures for unapproved subrecipients. As a result, the submitted FSRs did not accurately report the 2008 JAG expenses. The SOAR information has been adjusted to reflect only those charges accurately posted to the 2008 JAG award. However, these adjustments were not reflected on the FSRs. Therefore, we found a difference of more than \$466,000 between what was reported on FSRs and actual expenditures for the approved subrecipients.

JGA also submitted incomplete progress reports to OJP, and did not adequately monitor the achievement of JAG goals and objectives. JGA did submit required Quarterly Recovery Act reports in a timely manner, and reported no expenditures for the 2009 Recovery Act JAG award. However, in the fourth quarter report, JGA reported that 18.85 jobs were created as a result of the Recovery Act. Both JGA and the City Administrator are responsible for approving the data submitted by subrecipients that is used to calculate jobs created. While JGA has no written procedures for verifying this information, a JGA official advised that they compare the hours reported to the monthly Time Card Report submitted by subrecipients and to the reimbursement requests to identify any discrepancies. The City Administrator, however, has no procedures in place to verify or test the accuracy of the information. Although JGA indicated that they had procedures in place to verify the data, the Recovery Act report submitted by

JGA included a duplicate entry of hours worked, and therefore did not accurately reflect jobs created for the quarter.

In addition, JGA could not always provide documentation justifying or supporting award decisions to subrecipients. Therefore, we were unable to determine whether JGA's method for awarding sub-grants was fair and reasonable. At the time of our review, JGA did not have a finalized policy in place outlining the solicitation and award processes of JAG funds to subrecipients. JGA has been working to provide a more comprehensive grants management policy to include revised procedures for the solicitation and award processes. The draft version of JGA's Policies and Procedures Manual authorizes JGA's Director final decision authority in making awards to subrecipients. However, this may not always provide transparency into the award-making process.

As a result of these findings, we are concerned with JGA's ability to manage the nearly \$12 million in Recovery Act funds. Our report contains 20 recommendations. We discussed the results of our audit with JGA officials and have included their comments in the report as applicable.

## **Recommendations**

We recommend that OJP:

1. Work with JGA to ensure compliance with the JAG Special Condition that requires JGA to establish a trust account to deposit and maintain JAG funds.
2. Require that JGA establish procedures for the allocation of administrative costs.
3. Remedy \$34,572 in unsupported administrative costs.
4. Remedy the \$282,903 in unsupported costs from 2006 and 2007 JGA administrative expenses.
5. Require that JGA implement policies and procedures for maintaining an inventory of accountable property and equipment that meets the Financial Guide requirements.
6. Require that JGA implement a formal process for reviewing and reconciling grant expenditures in a timely manner.

7. Remedy unapproved charges of \$45,295 to the 2006 JAG Award No. 2006-DJ-BX-0016.
8. Remedy unapproved charges of \$6,700 to the 2007 JAG Award No. 2007-DJ-BX-0055.
9. Remedy unsupported costs of \$4,094 resulting from payments made to the Court Appointed Special Advocates for Children of Washington, D.C.
10. Remedy unallowable costs of \$1,500 resulting from a payment to the Court Appointed Special Advocates for Children of Washington, D.C.
11. Remedy \$716 in unsupported costs resulting from payments made to the East of the River Clergy Police Community Partnership.
12. Remedy \$585 in unsupported costs resulting from payments made to the Metropolitan Police Department.
13. Remedy \$1,141 in unsupported costs resulting from payments made to the Prisoner Outreach Ministry.
14. Require JGA implement a procedure to ensure that only supportable expenditures are charged to the grant.
15. Require JGA to develop and implement policies and procedures outlining the grants solicitation and award process. This policy should require JGA's Director to justify award decisions outside of the peer review results.
16. Require JGA to develop procedures for assessing and verifying subrecipients' progress toward their goals and objectives.
17. Require that JGA create and implement site visit follow-up procedures on prior JGA recommendations.
18. Require JGA to reconcile the 2008 JAG reimbursements and retroactively correct and resubmit all FSRs for the 2008 JAG award.
19. We recommend that OJP require JGA to upload the correct Progress Report into GMS for the 2009 Recovery Act JAG award.
20. Require JGA to implement written procedures for testing the accuracy of its Recovery Act reports.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS: <sup>29</sup>	AMOUNT (\$)	PAGE
<b>Unsupported Costs</b>		
Various Subrecipients Expenditures	6,536	12
2008 JGA Administrative Costs	34,572	8
2006 JGA Administrative Costs	92,292	8
2007 JGA Administrative Costs	190,611	8
<b>Unallowable Costs</b>		
2008 Subrecipient Audit Expense incurred in 2007	1,500	13
2006 Unapproved Subrecipients	45,295	11
2007 Unapproved Subrecipients	6,700	11
<b>TOTAL QUESTIONED COSTS:</b>	<b>\$377,506</b>	

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<sup>29</sup> **QUESTIONED COSTS** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by the offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX I

### OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether costs claimed under the 2008 JAG award are allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (9) Financial Status Reports, Progress Reports, and Recovery Act Reports; and (10) program performance and accomplishments.<sup>30</sup> During our audit, we determined that program income and management of contractors were not applicable to JGA's JAG awards.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Unless otherwise specified, our audit covered activities that occurred between the inception of grant number 2006-DJ-BX-0016, 2007-DJ-BX-0055, 2008-DJ-BX-0004, 2008-DJ-BX-0737, 2009-DJ-BX-0170, and 2009-SU-B9-0006 through September 30, 2009. In conducting our audit, we focused our testing primarily on the 2008 JAG award, which totaled over \$872,000. In addition, we assessed controls over aspects of grant management to determine whether JGA was adequately prepared to handle nearly \$12 million in 2009 Recovery Act funds.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the primary criteria we consulted during the audit was contained in the OJP Financial Guide. We interviewed JGA officials, personnel from the OCFO, the OJP Grant Manager in the Washington, D.C. metropolitan area, and the 2008 JAG award recipients.

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<sup>30</sup> Under the 2008 grant, JGA identified the need to strategically focus on juvenile crime prevention, prisoner re-entry, and gun and gang violence reduction. To carry out these efforts, JGA competitively awarded funding to four subrecipients: (1) Court Appointed Special Advocates of Washington, D.C., (2) East of the River Clergy Police Community Partnership, (3) Metropolitan Police Department, and (4) Prisoner Outreach Ministry.

In conducting our audit, we tested 100 percent of the 2006 - 2008 administrative costs and selected a judgmental sample of 81 subrecipient expenditures totaling \$189,821 from the four approved subrecipients under the 2008 JAG award. Our judgmental sampling was designed to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. In addition, we assessed the grantee's monitoring of subrecipients, reviewed the timeliness and accuracy of required FSRs, Progress, and Recovery Act reports, and evaluated performance to grant objectives.

We did not test internal controls and compliance with federal programs for the grantee and subrecipients as a whole. JGA met the requirements for a Single Audit under OMB Circular A-133. The District of Columbia's September 30, 2008 financial statement audit disclosed the following weaknesses that may be pertinent to JGA's administration of the JAG awards: (1) investment and cash counts were not reconciled timely; (2) lack of segregation of duties within People Soft (payroll system); (3) noncompliance with procurement regulations; (4) inadequate monitoring of subrecipients; (5) inadequately supported time charges; (6) inaccurate Financial Status Reports; and (7) journal entries not supported by adequate documentation to help determine whether the underlying transactions were allowable under the grant.

In conducting the audit, we relied on computer-generated data found in OJP's Grant Management System as well as JGA's accounting records for the purpose of determining the amount and nature of grant expenditures. We performed testing of source documents to assess the accuracy of reimbursement requests and financial status reports; however, we did not test the reliability of JGA financial management system as a whole.



**FY 2006 – 2008 JAG PROGRAM ACCOMPLISHMENTS AS REPORTED BY SUBRECIPIENTS**

Program Priority Areas	2006 JAG Program Accomplishments*
<b>Prevention and Education Programs</b>	<ul style="list-style-type: none"> <li>• The Washington, D.C. National Guard About Face Program - 100% of enrolled participants will participate in a community services/educational awareness orientation.</li> <li>• The Visitors Center responded to 3,219 inmate requests for help as well as requests that come to the Visitors Center via attorneys, families, the Department of Corrections and the Court.</li> <li>• Women Empowered Against Violence held a Teen Dating Violence Workshops for 1,389 teens.</li> </ul>
<b>Drug Treatment</b>	<ul style="list-style-type: none"> <li>• The Time Dollar Institute had 47 families referred for substance abuse issues.</li> <li>• The Multicultural Career Intern Program had 125 program participants who received Alcohol, Tobacco, and other Drugs (ATOD) prevention education.</li> <li>• The Juvenile Drug Court graduates maintained sobriety, successfully completed education and job training programs, and did not re-offend.</li> </ul>
<b>Gang Violence Reduction</b>	<ul style="list-style-type: none"> <li>• The Multicultural Career Intern Program Inc. conducted individual and group counseling sessions for 125 youth to reduce gang involvement.</li> <li>• The Boys and Girls Clubs of Greater Washington has served 456 low-income, at-risk youth between 13-18 by providing them with positive alternatives to gangs and the streets during critical non-school hours.</li> <li>• The Multicultural Career Intern Program provides intensive counseling, outreach, and other support services to the parents and family members of program participants; 125 youth have been served.</li> </ul>
<b>Increase Technology Capabilities</b>	<ul style="list-style-type: none"> <li>• The Criminal Justice Coordinating Council (CJCC) will create a District of Columbia Justice Information System (JUSTIS) Continuity of Operations Plan.</li> <li>• CJCC will Install Global Justice XML Data Model Data Exchange Prototype.</li> <li>• CJCC will retire District of Columbia Superior Court's Terminal Services.</li> </ul>
<b>Specialized Programs for Families with Children Involved in an Unauthorized Use of Vehicles (UUVs) and Criminal Offenses</b>	<ul style="list-style-type: none"> <li>• The Alliance of Concerned Men enrolled 60 court-involved youths who reside in Ward 7 &amp; 8 and within one year will enroll and provide services to 100% (60+) of court-involved youth upon reentry into Wards 7 &amp; 8; provides or has provided superior services to (60) of court-involved youth and (12) non court involved youth upon re-entry into their perspective communities.</li> <li>• 570 youth served by the Time Dollar Institute through their participation in the Youth Court Program that stresses accountability and empowerment.</li> <li>• The Center for Student Support Services will promote resiliency, increase school binding and decrease violence and substance use among a selected group of 40 high-risk students.</li> </ul>

Source: JAG Program Documentation and Quarterly Reports

\* Information reported by subrecipients has not been verified by JGA

Program Priority Areas	2007 JAG Program Accomplishments*
<b>Prevention and Education Programs</b>	<ul style="list-style-type: none"> <li>• The Washington, D.C. National Guard has 86% of its participants enrolled in a community service/educational awareness orientation.</li> <li>• The Metropolitan Police Department provided safe passages for 15,750 youth during their transition to and from school.</li> <li>• Women Empowered Against Violence held a Teen Dating Violence Workshop for 1,325 teens.</li> </ul>
<b>Drug Treatment</b>	<ul style="list-style-type: none"> <li>• Yayah's provided substance abuse prevention services to 59 families.</li> </ul>
<b>Gang Violence Reduction</b>	<ul style="list-style-type: none"> <li>• The Criminal Justice Coordinating Council has been facilitating the generation of the monthly Adult GunStat Report.</li> <li>• The East of the River Clergy Police Community Partnership has worked on decreasing the number of youth involved in gun violence, juvenile violence, and/or criminal behavior through positive prevention and intervention efforts for youth and their families.</li> <li>• The Metropolitan Police Department provides safe havens for 803 youth during unsupervised hours.</li> </ul>
<b>Increase Technology Capabilities</b>	<ul style="list-style-type: none"> <li>• The Vera Institute of Justice developed a system for assessing performance of grants administered by JGA and will enable grantees, JGA and the larger community to learn from the investments made so they can better address justice problems in the future.</li> <li>• Julie Peterson assists JGA develop advisory capacity for reviewing proposals in response to JGA's April 2009 Requests for Application.</li> <li>• The Criminal Justice Coordinating Council evaluated grant programs for FY 08 and FY 09 to determine grantee effectiveness and technical support needs.</li> </ul>
<b>Specialized Programs for Families with Children Involved in an Unauthorized Use of Vehicles (UUVs) and Criminal Offenses</b>	<ul style="list-style-type: none"> <li>• Ten youth have been involved in the Washington, D.C. Department of Youth Rehabilitation Services Multidimensional Treatment Foster Care program.</li> <li>• The Student Support Services provide family therapy to 62 at-risk youth and their families to improve intra-family relations and reduce youth behavior problem.</li> <li>• The East of the River Clergy Police Community Partnership works to decrease the number of youth involved in delinquent behaviors through positive prevention, counseling, and intervention efforts for youth and their families.</li> </ul>

Source: JAG Program Documentation and Quarterly Reports

\* Information reported by subrecipients has not been verified by JGA

Program Priority Areas	2008 JAG Program Accomplishments*
<b>Juvenile Crime Prevention</b>	<ul style="list-style-type: none"> <li>• Twenty-nine CASA advocates provided services to 30 youth identified as current dual jacket and/or at risk youth and are within the child welfare system. Of these 30 youth only one was out of compliance with court ordered services. One hundred percent of the youth were free from recidivism and did not commit a crime.</li> <li>• ERCPCP provided positive opportunities for youths between the ages of 13 and 25, including late night basketball, Rites of Passage Program, paintball, volunteer opportunities, basketball games, college tours, young men's sessions, retreats, job expos, movies, Washington Nationals games, and camping trips.</li> </ul>
<b>Reentry</b>	<ul style="list-style-type: none"> <li>• POM matched 30 mentees (those persons returning home from incarceration) with mentors.</li> </ul>
<b>Gun and Gang Violence Reduction</b>	<ul style="list-style-type: none"> <li>• MPD held 125 mediations and presentations to protect the safety of citizens through the mutual exchange of intelligence information and the development, facilitation, and implementation of intelligence-led policing strategies.</li> </ul>

Source: JAG Program Documentation and Quarterly Reports

\* Information reported by subrecipients has not been verified by JGA

## APPENDIX III

### AUDITEE RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
EXECUTIVE OFFICE OF THE MAYOR  
JUSTICE GRANTS ADMINISTRATION



May 26, 2010

Troy M. Meyer  
Regional Audit Manager  
Washington Regional Audit Office  
1300 17<sup>th</sup> Street  
Suite 3400  
Arlington, VA 22209

Dear Mr. Meyer:

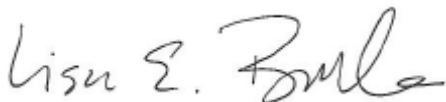
Please find attached the Justice Grants Administration (JGA) response to the Office of the Inspector General's Draft Audit Report, *Office of Justice Programs Awards to Justice Grants Administration: Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program*. A copy of the response has been provided to the Office of Justice Programs.

Sub-grantee supporting documentation is labeled with the organization name, item, and dollar amount.

Actions that have been and will be taken by JGA in response to the audit should allay any concerns about the agency's ability to manage Recovery Act funds.

If you have any questions, please contact me at 202-727-6552 or [Lisa.Brooks@dc.gov](mailto:Lisa.Brooks@dc.gov).

Sincerely,



Lisa E. Brooks  
Director, Justice Grants Administration

cc: Neil Albert, City Administrator  
Dr. Natwar Gandhi, Chief Financial Officer  
Linda Taylor, Office of Justice Programs

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
EXECUTIVE OFFICE OF THE MAYOR  
JUSTICE GRANTS ADMINISTRATION**



**Response to Office of the Inspector General’s Draft Audit Report, *Office of Justice Programs Awards to Justice Grants Administration: Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program***

Following is a response to findings and recommendations directed to the Office of Justice Programs (OJP) included in the Office of the Inspector General’s (OIG’s) draft audit report entitled *Office of Justice Programs Awards to Justice Grants Administration: Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program*. The draft report contains twenty recommendations. The draft audit report recommendations are restated in bold and are followed by the Justice Grants Administration’s (JGA’s) response. In addition, JGA has included a response to one of the findings upon which recommendations are based.

**Justice Grants Administration Responses to OIG Finding:**

While the Justice Grants Administration agrees with most of the audit recommendations as outlined in the response which follows, there is one instance in which the agency does not agree with the entire finding, though it does agree with the pursuant recommendation, and requests that OIG make revise the language so that findings and evidence upon which they are based are portrayed accurately.

While JGA agrees with the recommendation that the agency implement written procedures for testing the accuracy of its Recovery Act reports (recommendation 20), JGA disagrees with the audit’s finding that the Office of the City Administrator (OCA) “has no procedures in place to verify the accuracy” of data submitted by subrecipients regarding Recovery Act grant funds (see page 25 of the draft report). As described in detail in response to recommendation 20, the OCA does have several layers of procedures in place to ensure accurate reporting. These procedures are documented and all District agencies receiving ARRA funds are trained in procedures and notified of any procedural changes as guidance is given from OMB. The number of jobs created reported by JGA and subrecipients in the fourth quarter was erroneous; however, this was due not to a lack of procedure, but rather to human error. The reporting procedure is evolving and improvements have been—and may still be—made to eliminate errors. It is not accurate, however, to say that no procedure exists.

**Justice Grants Administration Responses to OIG Recommendations that OJP:**

**1. Work with JGA to ensure compliance with the JAG Special Condition that requires JGA to establish a trust account to deposit and maintain JAG funds.**

The Justice Grants Administration agrees with this recommendation.

JGA will work with the District of Columbia Office of the Chief Financial Officer (OCFO) Office of Finance and Treasury (OFT) to establish a trust account for the deposit and maintenance of JAG funds. JGA will contact the OCFO OFT to comply with this recommendation and will provide updates to the Bureau of Justice Assistance (BJA) by June 30, 2010.

**2. Require that JGA establish procedures for the allocation of administrative costs.**

The Justice Grants Administration agrees with this recommendation.

JGA has implemented policies and procedures to appropriately allocate administrative costs, including allocating the salaries and fringe amounts in PeopleSoft. The Labor Distribution report from OCFO payroll operations is used to verify personnel costs and is used to reconcile against the expenditures in the OCFO SOAR system.

**3. Remedy \$34,572 in unsupported administrative costs.**

The Justice Grants Administration agrees with this recommendation. JGA will work with OJP to remedy the costs by September 30, 2010.

JGA has implemented policies and procedures to appropriately allocate administrative costs, including allocating the salaries and fringe amounts in PeopleSoft. The Labor Distribution report from Payroll is used to verify personnel costs and is used to reconcile against the expenditures in the OCFO SOAR system.

**4. Remedy the \$282,903 in unsupported costs from 2006 and 2007 JGA administrative expenses.**

The Justice Grants Administration agrees with this recommendation. JGA will work with OJP to remedy the costs by September 30, 2010.

JGA has implemented policies and procedures to appropriately allocate administrative costs, including allocating the salaries and fringe amounts in PeopleSoft. The Labor Distribution report from Payroll is used to verify personnel costs and is used to reconcile against the expenditures in the OCFO SOAR system.

**5. Require that JGA implement policies and procedures for maintaining an inventory of accountable property and equipment that meets the Financial Guide requirements.**

The Justice Grants Administration agrees with this recommendation.

JGA has implemented an equipment purchase policy and procedure for both JGA and the sub-grantees – see attachment A.

**6. Require that JGA implement a formal process for reviewing and reconciling grant expenditures in a timely manner.**

The Justice Grants Administration agrees with this recommendation.

While JGA did have a formal review process in place, the agency has made significant updates to the process, policies and procedures to ensure that expenditures are supported and allowable per OJP Financial Guide requirements. Sub-grantees were made aware of the new requirements in a mandatory training conducted by JGA staff on March 23, 2010. Attached is the revised policy and procedure – see attachment B.

Revised policies and procedures will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

**7. Remedy unapproved charges of \$45,295 to the 2006 JAG Award No. 2006-DJ-BX-0016.**

The Justice Grants Administration agrees with this recommendation. JGA will work with the OCFO to reverse these charges by July 31, 2010.

**8. Remedy unapproved charges of \$6,700 to the 2007 JAG Award No. 2007-DJ-BX-0055.**

The Justice Grants Administration agrees with this recommendation. JGA will work with the OCFO to reverse these charges by July 31, 2010.

**9. Remedy unsupported costs of \$4,094 resulting from payments made to the Court Appointed Special Advocates for Children of Washington, D.C. (CASA)**

The Justice Grants Administration disagrees with this recommendation. JGA contacted the Court Appointed Special Advocates for Children (CASA) and requested the supporting documentation for the unsupported costs identified in the draft audit.

CASA has provided supporting documentation for all transactions totaling \$2,794 – see supporting documentation attached. JGA will work with OJP to remedy the remaining \$1,300 in costs.

**10. Remedy unallowable costs of \$1,500 resulting from a payment to the Court Appointed Special Advocates for Children of Washington, D.C.**

The Justice Grants Administration agrees with this recommendation. JGA will work with OJP to remedy the costs.

**11. Remedy \$716 in unsupported costs resulting from payments made to the East of the River Clergy Police Community Partnership (ERCPCP).**

The Justice Grants Administration disagrees with this recommendation. JGA contacted the East of the River Clergy Police Community Partnership (ERCPCP) and requested the supporting documentation for the unsupported costs identified in the draft audit.



ERCPCP has provided supporting documentation for all transactions totaling \$716 – see supporting documentation attached.

**12. Remedy \$585 in unsupported costs resulting from payments made to the Metropolitan Police Department (MPD).**

The Justice Grants Administration disagrees with this recommendation. JGA contacted the Metropolitan Police Department (MPD) and requested the supporting documentation for the unsupported costs identified in the draft audit.

MPD has provided supporting documentation for all transactions totaling \$585 – see supporting documentation attached.

**13. Remedy \$1,141 in unsupported costs resulting from payments made to the Prisoner Outreach Ministry (POM).**

The Justice Grants Administration disagrees with this recommendation. JGA contacted the Prisoner Outreach Ministry (POM) and requested the supporting documentation for the unsupported costs identified in the draft audit.

POM has provided supporting documentation for all transactions totaling \$1,141 – see supporting documentation attached.

**14. Require JGA implement a procedure to ensure that only supportable expenditures are charged to the grant.**

The Justice Grants Administration agrees with this recommendation.

While JGA had a formal review process in place during the time period examined by this audit, the agency has made significant updates to the process, policies and procedures to ensure that expenditures are supported and allowable per OJP Financial Guide requirements – see attachment B. Sub-grantees were made aware of the new requirements in a mandatory training conducted by JGA staff on March 23, 2010.

Revised policies will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

**15. Require JGA to develop and implement policies and procedures outlining the grants solicitation and award process. This policy should require JGA's Director to justify award decisions outside of the peer review results.**

The Justice Grants Administration agrees with this recommendation.

JGA is in the process of updating its policies and procedures manual which outlines the grants solicitation and award process. In addition, the policies and procedures are aligned with the District's overall policies grant making policies and procedures, as identified in the Grants Source Book maintained by the Office of Partnerships and Grants

(<http://opgs.dc.gov/opgd/site/default.asp>). JGA's current grant making procedure is outlined in attachment C.

Revised policies and procedures will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

**16. Require JGA to develop procedures to accurately assess and verify during their annual site visits the progress of subrecipient accomplishments toward their goals and objectives.**

The Justice Grants Administration agrees with this recommendation. JGA will develop procedures to accurately assess and verify sub-recipient accomplishments towards goals and objectives during the annual site visits.

Revised policies and procedures will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

**17. Require that JGA create and implement site visit procedures that require follow-up on prior JGA recommendations.**

The Justice Grants Administration agrees with this recommendation.

JGA has developed site visit procedures regarding follow up with sub-recipients on JGA recommendations as a result of the annual site visit. The procedures are outlined in attachment D.

These policies and procedures will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

**18. Require JGA to reconcile the 2008 JAG reimbursements and retroactively correct and resubmit all FSRs for the 2008 JAG award.**

The Justice Grants Administration agrees with this recommendation. The agency completed reconciliations of the 2007 and 2008 JAG grants. OCFO will submit revised FSRs by June 30, 2010.

**19. We recommend that OJP require JGA to upload the correct Progress Report into GMS for the 2009 Recovery Act JAG award.**

The Justice Grants Administration disagrees with this recommendation.

JGA attempted to submit the correct report to GMS in February, 2010 but was notified that the correct report could not be uploaded because the report originally submitted had already been approved. After further follow up with BJA, it was requested that JGA resubmit as a special report as there is no way to replace an annual report that has been submitted and approved. JGA has since submitted the 2009 Recovery Act JAG annual progress report to GMS as a special report.

**20. Require JGA to implement written procedures for testing the accuracy of its Recovery Act reports.**

The Justice Grants Administration agrees with this recommendation.

JGA will develop written procedures for testing the accuracy of the Recovery Act reports and will provide a draft within 60 days.

Revised procedures will be included in the JGA Policies and Procedures Manual, which will be finalized no later than September 30, 2010.

JGA, however, disagrees with the audit's finding that the Office of the City Administrator "has no procedures in place to verify the accuracy" of data submitted by subrecipients regarding Recovery Act grant funds (see page 25 of the draft report). The District takes a layered approach to ARRA 1512 reporting which involves subrecipients, agency grant managers, agency ARRA leads, and the OCA. All have been provided with training on ARRA reporting guidance, as well as the District's ARRA 1512 online reporting tool—Reporting.DC.gov. Specifically, subrecipients report directly in Reporting.DC.gov and provide documentation and certification to JGA.

Agency grant managers are responsible for verifying information provided by subrecipients for ARRA 1512 reporting. Each agency's ARRA lead also verifies this reported information. The OCA serves as an additional level of review for ARRA 1512 reporting by checking that each grant report is timely, complete, and that there are no inconsistencies. This review is done through Reporting.DC.gov, which the OCA continues to improve. During the OIG's audit of JGA, the OCA added additional controls to the reporting system so that monthly timecards cannot be duplicated.

## ATTACHMENT A: Equipment and Capital Expenditures Purchase

### I. Purpose

The purpose of this policy is to provide guidance on how to track equipment and capital expenditures made by JGA and sub-grantees using grant funds.

### II. Procedure

For equipment purchases, JGA and sub-grantees must complete and submit the *Equipment and Capital Expenditures Purchase Form* for the following (see attached) for equipment purchased with grant funds:

1. Individual equipment costing more than \$5,000; and/or
2. Movable equipment, which can be laptops, computers or other similar items under the \$5,000 threshold.

This form must be submitted to JGA (or completed by JGA) no later than June 30, 2010 (end of the third quarter). The equipment forms will be maintained in the respective grant file folder and on the JGA shared drive in its designated file folder. JGA will review the form during close-out of grants to ensure that all equipment and capital expenditures are appropriately recorded.

During the annual site visit, JGA will verify the existence and use of, in accordance with grant purposes, accountable property and equipment documented in the *Equipment and Capital Expenditures Purchase Form*.

### SUB-GRANTEE EQUIPMENT AND OTHER CAPITAL EXPENDITURES PURCHASE LIST

The sub-grantee is responsible for notifying the Justice Grants Administration (JGA) of any capital property and/or equipment purchases made using grant funding. The sub-grantee should complete this form by the third quarter for all capital property and/or equipment purchases. Items include, but are not limited to: computers, laptops, and equipment purchased over \$5,000 per unit cost. After the third quarter, this list should be updated with new items.

<b>ORGANIZATION:</b>			
<b>PROJECT TITLE:</b>			
<b>FEDERAL GRANT NUMBER:</b>		<b>SUB-GRANT NUMBER:</b>	
<b>GRANT PERIOD:</b>			

Equipment Type	Manufacturer	Model #	Serial #	Date Purchased	Cost	New (N) Used (U)	Location Housed
<b>Grant Certification:</b> I certify to the best of my knowledge and belief that this purchase list is correct and complete and that all equipment is for the purpose set forth in the sub-grant award documents.							
<b>Project Director: (please print name, sign and date)</b>							
<b>Financial Officer: (please print name, sign and date)</b>							

ATTACHMENT B: Reimbursement Request Procedures

**I. PURPOSE**

The purpose of this policy is to provide guidance on how to process Sub-grantees' Reimbursement Requests in a timely and accurate manner.

**II. PROCEDURE**

Reimbursement Requests

1. Sub-grantees shall submit to JGA the following forms along with proper supporting documentation for each reimbursable item:
  - a. *Sub-grant Reimbursement Request Form* – is used to request reimbursement for expenditures that subgrantees incurred during the reimbursement period.
  - b. *Financial Status Report* – is used for a detailed account of categorical (i.e. personnel, fringe benefits contract/consultants, etc.) expenditures that were incurred during the reimbursement period.
  - c. *Intra-District Standard Request form* – completed form is required from all District of Columbia Government agencies and is used for payment transfer to those agencies.
  
2. Sub-grantee reimbursement request processes are as follows:
  - a. Sub-grantees are required to submit reimbursement request packages either on a monthly or quarterly basis to the JGA Grant Manager managing the grant award. The completed package is due no later than the 15<sup>th</sup> of the month following the end of the monthly or quarterly reimbursement period. The chart below outlines the reporting period and respective deadlines:

<b>Reporting Period</b>	<b>Due Date</b>
October 1 – October 31	November 15 <sup>th</sup>
November 1 – November 30	December 15 <sup>th</sup>
December 1 – December 31/1 <sup>st</sup> Quarter	January 15 <sup>th</sup>
January 1 – January 31	February 15 <sup>th</sup>
February 1 – February 28	March 15 <sup>th</sup>
March 1 – March 31/2 <sup>nd</sup> Quarter	April 15 <sup>th</sup>
April 1 – April 30	May 15 <sup>th</sup>
May 1 – May 31	June 15 <sup>th</sup>
June 1 – June 30/3 <sup>rd</sup> Quarter	July 15 <sup>th</sup>
July 1 – July 31	August 15 <sup>th</sup>
August 1 – August 31	September 15 <sup>th</sup>
September 1 – September 30/4 <sup>th</sup> Quarter	October 15 <sup>th</sup>

- b. Sub-grantees can expect payment within 31 business days of request submission to JGA.
  - c. The chart below outlines the reimbursement review process by task, timeline, and role and responsibility:

<b>Task</b>	<b>Timeline</b>	<b>Assigned to</b>
Initial review of reimbursement request and supporting documentation	8 business days	Grants Manager
Second review of reimbursement request and supporting documentation	5 business days	Grants Management Specialist
Sub-grantee response to JGA initial/second review request for more information/documentation	5 business days	Sub-grantee
Final review and approval of all documentation and notice of dispute	2 business days	Grants Manager and JGA Director
Review purchase order number for accuracy, including funding availability and address/vendor information, and forward reimbursement request to OCFO for payment and processing	1 business day	Financial Analyst
Payment and processing of reimbursement request	10 business days	OCFO
Payment status updates	Weekly basis until all payments are made	Financial Analyst

Payment Process

Sub-grantees should expect a reimbursement check within 31 days after a completed reimbursement request is submitted to JGA. If a check is not received by the 32nd day after submitting the reimbursement request to JGA, the sub-grantee should contact the Grant Manager managing their award by telephone or email for resolution.

Reconciliation

The Grants Management Specialist shall perform a monthly reconciliation of all active grant awards no later than the 20<sup>th</sup> day of every month. This reconciliation shall consist of reconciling expenditures that were recorded in JGA's grants tracking spreadsheet against expenditures that were recorded in SOAR (OCFO accounting software) during the month. Any discrepancies found shall be corrected using the OCFO journal entry request process.

## ATTACHMENT C: Justice Grants Administration Proposal Evaluation Process

### **I. Purpose**

The purpose of this policy is to provide guidance on the proposal evaluation process. The policy of the Justice Grants Administration, as per District and federal government guidelines, requires that all sub-grants to private organizations be awarded on a competitive basis, with exceptions as noted below. JGA engages in the following process in its solicitation, review, and evaluation of funding applications and also follows the City-Wide Grants Manual and Sourcebook (Grants Manual).

### **II. Procedure**

1. Review the federal application and special conditions, laws and statutes.
2. Prepare and submit a Notice of Funding Availability (NOFA) for publication in the Office of Partnerships and Grants Services (OPGS) Funding Alert, and DC Register to notify the public of intent to make grant funds available via competitive solicitation or Request for Application (RFA).
3. Make public announcement in a minimum of one other medium (for a total of three). This can be announced in a local newspaper, community newsletter, or direct mailing.
4. Prepare an RFA package that includes:
  - a. Background/general information
  - b. Availability of funds and award limits
  - c. Eligibility criteria
  - d. Eligible program activities
  - e. Restrictions in use of funds
  - f. Request for program goals, objectives, activities, performance measurement, reporting and evaluation plan
  - g. Application review criteria
  - h. Application deadline
  - i. Proposal instructions
  - j. Attachments (Applicant profile/forms/certifications, assurances, budget, spending plan, etc.)
  - k. Any additional requirements per the Grants Manual
5. The RFA contains contingency clauses stating that:
  - a. The agency reserves the right to make changes to the RFA, based on any clarifications in the regulations, legislative changes, or funding level fluctuations.
  - b. Funding for the sub-grant is contingent on continued funding from the grantor. The RFA does not commit the agency to award a sub-grant.
  - c. The agency reserves the right to accept or reject any or all applications if the agency determines it in the best interest of the agency to do so. The agency will notify all applicants of the rejected proposals.
  - d. The agency reserves the right to issue addenda and/or amendments subsequent to the RFA process.



- e. The agency shall not, in any event, be liable for any costs incurred in the preparation of applications in response to RFA. Applicant agrees that all costs incurred in developing the application are the applicant's sole responsibility.
  - f. The agency may conduct pre-award on-site visits to verify information submitted in the application, to provide technical assistance, and to determine if the proposed facilities are appropriate for the proposed services to be provided.
  - g. The agency may require the applicant to enter negotiations, and to submit a price, technical or other revision of their proposal that may result from negotiations.
  - h. If there are any conflicts between the terms and conditions of the RFA and any applicable Federal or District law or regulation, or any ambiguity related thereby, then the provisions of the applicable law or regulation shall control and it shall be the responsibility of the applicant to ensure compliance.
6. Exceptions to this RFA process and the need for JGA to make sub-grants to private organizations on a competitive basis include:
- a. The award of the grant designates the sub-grant recipient;
  - b. The Federal law defines eligibility in such a way that there is only one eligible applicant; or
  - c. There is a recognized coalition of service providers through which the broadcast community participation may be obtained in serving the targeted clientele.
  - d. JGA may make an award to an unsolicited proposal if:
    - i. The agency has un-obligated funds remaining from the grant due to unusual and unanticipated factors;
    - ii. The applicant has a program or project that clearly furthers the purpose of the grant;
    - iii. The proposal reflects proprietary skills or technology that are limited in availability;
    - iv. The applicant brings to the total grant program matching resources (cash or in-kind) equivalent to at least thirty percent of the grant assistance requested.
7. Simultaneous to the NOFA, and before the closing date, the JGA program manager organizes an objective review panel to evaluate all funding applications.
- a. JGA maintains a list of qualified reviewers from which reviewers may be selected, and a letter of interest and an application are on file.
  - b. JGA nominates reviewers with specialized areas of expertise applicable to the particular RFA. A minimum of three reviewers is required to review each application. An alternate reviewer should be on hand for back-up purposes.
  - c. JGA convenes the panel for orientation, review the RFA, grant guidelines and special conditions, procedures and scoring instruments.
  - d. JGA provides the panel members with the RFA applications and review scoring tool.
  - e. JGA monitors the review process. Once completed, the Program Manager shall compile scores of each reviewer and determine average score.

- f. Peer review members must attend the peer review session to discuss reviewer scores and comments. The peer review sessions must conclude with written consensus reviews from the peer review panels
8. Recommendations of the review panel are advisory only. Final decision to fund programs rest solely with the director of JGA. If the director decides not to fund programs based on the review panel recommendations, then the director must provide a written justification in the grant records. Such justification shall include a strong rationale supported by documentation for the decision to not follow the review panel's recommendation.

## ATTACHMENT D: Annual Site visits

### **I. Purpose**

This purpose of this policy is to provide guidance on conducting annual site visits. Grant managers conduct at least one annual site visit to all sub-grantees by the end of the third quarter of the fiscal year to review their administrative, financial, and programmatic compliance with their grant award application, agreement, and all terms and conditions.

### **II. Procedure**

Site visits include the following components:

- a. Grant managers conduct a grant file desk review to identify any missing or incomplete documents and to review programmatic and financial outputs and outcomes to date.
- b. Grant managers contact the sub-grantee's programmatic and financial points of contact to alert them to the pending site visit; provide a range of available dates and times; provide them with a copy of JGA's site visit assessment tool so that they can prepare all necessary documents; and identify any outstanding findings from the desk review that will be discussed and ideally addressed at the visit.
- c. Grant managers ask sub-grantees to arrange the agenda for the visit, which must include: a meeting with the programmatic and financial points of contact; a sub-grantee grant file review and a review of additional required administrative documentation; if possible and appropriate, a discussion with front-line project staff and an observational assessment of project activities; and an exit interview to discuss findings and recommendations for improvement.
- d. After the visit, grant managers send sub-grantees a brief written summary of their visit including any recommendations for improvement and follow-up on requested technical assistance.
- e. If significant concerns are identified at the site visit, sub-grantees are asked to provide JGA with a written response identifying their plan to address the identified concerns within the timeline given, with a series of corrective actions outlined if sub-grantees are unable to make sufficient progress.

## APPENDIX IV

### OJP RESPONSE TO THE DRAFT REPORT

MEMORANDUM TO: Troy M. Meyer  
Regional Audit Manager  
Office of the Inspector General  
Washington Regional Audit Office

FROM: Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program, Awarded to the Government of the District of Columbia, Justice Grants Administration*

This memorandum is in response to your correspondence dated April 28, 2010, transmitting the above draft audit report for the Government of the District of Columbia, Justice Grants Administration (JGA). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 20 recommendations and \$377,506 in questioned costs. For ease of review, the draft audit report recommendations are restated in bold and are followed by the Office of Justice Programs (OJP) response.

- 1. We recommend that OJP work with JGA to ensure compliance with the JAG Special Condition which requires JGA to establish a trust account to deposit and maintain JAG funds.**

We agree with the recommendation. We will coordinate with JGA to ensure compliance with the JAG Special Condition which requires JGA to establish a trust account to deposit and maintain JAG funds.

- 2. We recommend that OJP require JGA to establish procedures for the allocation of administrative costs.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of procedures implemented to ensure the proper allocation of administrative costs.

- 3. We recommend that OJP remedy the \$34,572 in unsupported administrative costs.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$34,572 in unsupported administrative costs.

- 4. We recommend that OJP remedy the \$282,903 in unsupported costs from 2006 and 2007 JGA administrative expenses.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$282,903 in unsupported administrative costs from 2006 and 2007.

- 5. We recommend that OJP require JGA to implement policies and procedures for maintaining an inventory of accountable property and equipment that meets the Financial Guide requirements.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of policies and procedures implemented to ensure that an inventory of accountable property and equipment is maintained, which meets the OJP Financial Guide requirements.

- 6. We recommend that OJP require JGA to implement a formal process for reviewing and reconciling grant expenditures in a timely manner.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of procedures implemented to ensure that a formal process for reviewing and reconciling grant expenditures in a timely manner is established.

- 7. We recommend that OJP remedy unapproved charges of \$45,295 to the 2006 JAG award number 2006-DJ-BX-0016.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$45,295 in unapproved costs charged to award number 2006-DJ-BX-0016.

- 8. We recommend that OJP remedy unapproved charges of \$6,700 to the 2007 JAG award number 2007-DJ-BX-0055.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$6,700 in unapproved costs charged to award number 2007-DJ-BX-0055.

9. **We recommend that OJP remedy unsupported costs of \$4,094 resulting from payments made to the Court Appointed Special Advocates for Children of Washington, D.C.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$4,094 in unsupported costs resulting from payments made to the Court Appointed Special Advocates for Children of Washington, D.C.

10. **We recommend that OJP remedy unallowable costs of \$1,500 resulting from a payment to the Court Appointed Special Advocates for Children of Washington, D.C.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$1,500 in unallowable costs resulting from a payment made to the Court Appointed Special Advocates for Children of Washington, D.C.

11. **We recommend that OJP remedy \$716 in unsupported costs resulting from payments made to the East of the River Clergy Police Community Partnership.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$716 in unsupported costs resulting from payments made to the East of the River Clergy Police Community Partnership.

12. **We recommend that OJP remedy \$585 in unsupported costs resulting from payments made to the Metropolitan Police Department.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$585 in unsupported costs resulting from payments made to the Metropolitan Police Department.

13. **We recommend that OJP remedy \$1,141 in unsupported costs resulting from payments made to the Prisoner Outreach Ministry.**

We agree with the recommendation. We will coordinate with JGA to remedy the \$1,141 in unsupported costs resulting from payments made to the Prisoner Outreach Ministry.

- 14. We recommend that OJP require JGA to implement procedures to ensure that only supportable expenditures are charged to the grant.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of procedures implemented to ensure that only supportable expenditures are charged to grants.

- 15. We recommend that OJP require JGA to develop and implement policies and procedures outlining the grants solicitation and award process. This policy should require JGA's Director to justify award decisions outside of the peer review results.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of policies and procedures implemented to ensure that the grant solicitation and award process is properly outlined, and that decisions made outside of the peer review results are prepared, approved and justified by the JGA Director.

- 16. We recommend that OJP require JGA to develop procedures that accurately assess and verify, during their annual site visit, the progress of subrecipient accomplishments toward their goals and objectives.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of procedures implemented, which ensure that the progress of subrecipient accomplishments toward project goals and objectives are accurately assessed and verified during the annual site visit.

- 17. We recommend that OJP require JGA to create and implement site visit procedures that require follow-up on prior JGA recommendations.**

We agree with the recommendation. We will coordinate with JGA to obtain a copy of site visit procedures implemented to ensure that there is follow-up on prior JGA recommendations.

- 18. We recommend that OJP require JGA to reconcile the 2008 JAG reimbursements and retroactively correct and resubmit all Financial Status Reports (FSRs) for the 2008 JAG award.**

We agree with the recommendation. We will coordinate with JGA to reconcile the 2008 JAG reimbursements, and have been retroactively correct and resubmit FSRs for the 2008 JAG award, as necessary.

- 19. We recommend that OJP require JGA to upload the correct progress report into the Grant Management System (GMS) for the 2009 Recovery Act JAG award.**

We agree with the recommendation. We will coordinate with JGA to upload the correct progress report into GMS for the 2009 Recovery Act JAG award.

- 20. We recommend that OJP require JGA to implement written procedures for testing the accuracy of its Recovery Act reports.**

We agree with the recommendation. We will coordinate with JGA to ensure they implement written procedures for testing the accuracy of Recovery Act reports.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Jeffery A. Haley  
Deputy Director, Audit and Review Division  
Office of Audit, Assessment, and Management

James H. Burch, II  
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OJP Executive Secretariat  
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## APPENDIX V

### ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft of this audit report to JGA and OJP for their review and comment. Their responses were incorporated as Appendices III and IV of this final report. This appendix presents our analysis of their responses. Recommendations 12 and 19 have been closed and the actions necessary to close each of the report's remaining 18 recommendations are below.

#### General Comments

JGA generally concurred with our findings; however, they provided comments that we address as follows:

OCA Verification of Recovery Act Reporting: In its response, JGA advised that they disagree with the statement in the report that indicates that the Office of the City Administrator "has no procedures in place to verify the accuracy" of data submitted by subrecipients regarding Recovery Act grant funds. Rather, JGA indicated that to ensure the data is accurately reported, they use a layered approach, which involves subrecipients, agency grant managers, agency ARRA leads, and the OCA. JGA advised that the OCA specifically checks that each grant report is timely, complete, and that there are no inconsistencies in the data reported.

During our audit, the OCA's ARRA coordinator stated that they do not have procedures in place to verify or test the accuracy of the data reported. We agree that the OCA is involved in the layered approach and makes sure that the report is submitted timely, is complete, and verifies no inconsistencies exist in the data. However, in our judgment, we do not believe that the layered approach verifies and tests the accuracy of the data.

#### Summary of Actions Necessary to Close the Report

This section presents the status of each recommendation, and the actions necessary to close the report.

- 1. Resolved.** This recommendation can be closed when we receive and review documentation supporting that a trust account has been established for the deposit and maintenance of JAG funds.

2. **Resolved.** In its response, JGA advised that they have implemented Policies and Procedures to appropriately allocate administrative costs, including allocating the salaries and fringe benefit amounts in PeopleSoft. This recommendation can be closed once we receive and review JGA's Finalized Policies and Procedures Manual, which outlines procedures for the allocation of administrative costs.
3. **Resolved.** This recommendation can be closed when we receive and review the documentation that remedies \$34,572 in questioned administrative costs.
4. **Resolved.** This recommendation can be closed when we receive and review the documentation that remedies \$282,903 in unsupported administrative costs from 2006 and 2007 JAG Grants.
5. **Resolved.** In its response, JGA advised that it has implemented an Equipment Purchase Policy and Procedure for both JGA and its subrecipients. JGA provided a copy of the Equipment and Capital Expenditures Purchase Policy and the related subrecipient Equipment and Other Capital Expenditures Purchase List, which requires JGA and subrecipients to complete the related forms. The policy indicates that JGA will maintain the equipment forms in the respective grant file folder and on the JGA shared drive. This recommendation can be closed when JGA provides: (1) a copy of its finalized Policies and Procedures Manual, which includes the Equipment Purchase Policy and Procedure; and (2) a copy of their inventory of Equipment and Capital expenditures.
6. **Resolved.** In its response, JGA stated that significant updates were made to the grant expenditure review process, policies, and procedures to ensure that expenditures are supported and allowable per OJP Financial Guide requirements. JGA provided a copy of their Reimbursement Request Procedures, which includes a requirement to complete a monthly reconciliation of all active grant awards. This recommendation can be closed when JGA provides: (1) a copy of its finalized Policies and Procedures Manual, which includes the Reimbursement Request Policy; and (2) evidence that the monthly reconciliation of active grant awards is completed.
7. **Resolved.** This recommendation can be closed when JGA provides evidence that unapproved expenditures of \$45,295 charged to the 2006 JAG Award No. 2006-DJ-BX-0016 have been reversed or otherwise remedied.

8. **Resolved.** This recommendation can be closed when JGA provides evidence that unapproved expenditures of \$6,700 charged to the 2007 JAG Award No. 2007-DJ-BX-0055 have been reversed or otherwise remedied.
9. **Resolved.** As part of its response, JGA provided additional supporting documentation for 6 of 7 transactions in question, agreeing to work with OJP to remedy the 7<sup>th</sup> transaction, which totaled \$1,300. We accepted the additional support provided as adequate for two of the questioned expenditures: Volunteer - Choice Point in the amount of \$42.75 and Equipment Rental – Dell Financial Services in the amount of \$9.18.

The additional support provided for the four remaining questioned expenditures was inadequate and did not support the costs charged to the 2008 JAG Grant for the reasons laid out below.

- o JGA provided an invoice for the expense of \$393.60 in MetLife Insurance Costs. The invoice however totaled \$378.60 and therefore does not support the expenditure amount of \$393.60.
- o JGA provided a copy of the check for the expense of \$100.00 in rent paid to the Archon Group, INC. for invoice number 38530. As part of its support, JGA also provided a copy of an invoice for Rent in the amount of \$100.00 charged by the Archon Group; however, the invoice number is 38149. Therefore, the invoice provided cannot be used to support the expenditure.
- o JGA provided an email from the Deputy Director of CASA which lays out the portion of each employee's salary that was paid using 2008 JAG grant funds to support the \$1,496.81 in questioned salaries. However, the support provided does not equal the questioned amount. Further, it is unclear from the Deputy Director's email the justification or percentage used to calculate the portion of salaries paid with JAG funds. Therefore, we could not determine whether the salaries paid were adequately supported.
- o JGA provided an email from the Deputy Director of CASA which lays out the portion of each employee's salary that was paid using 2008 JAG grant funds to support the \$751.49 in questioned salaries. It is unclear from the Deputy Director's email the justification or percentage used to calculate the portion

of salaries paid with JAG funds. Therefore, we could not determine whether the salaries paid were adequately supported.

To close this recommendation, JGA should provide supporting documentation remedying \$4,041.90 in unsupported questioned costs.

- 10. Resolved.** This recommendation can be closed when JGA provides evidence that unallowable costs of \$1,500 charged to the 2008 JAG Award No. 2008-DJ-BX-0004 by CASA are remedied.
- 11. Resolved.** As part of its response, JGA provided Payroll Journals to support the \$641.44 in questioned payroll taxes. We could not determine through review of these documents what rate was used to calculate the percentage of payroll taxes paid through the JAG grant. JGA also provided three different receipts for food and beverages totaling \$87.75 to support the expense of \$75.00 for Program Supplies for Young Men's Training Session. We could not determine from these receipts why \$75.00 was expensed towards the JAG grant and could not determine whether a Young's Men Training Session was in fact held. To close this recommendation, JGA should provide supporting documentation remedying \$716.44 in unsupported questioned costs.
- 12. Closed.**
- 13. Resolved.** As part of its response, JGA provided Earnings Statements for Joyce Void to support the \$990.50 in fringe benefits. Although JGA provided an explanation from POM that explained only a portion of benefits were paid through the JAG grant, no explanation or rate was provided in order to determine whether the amount paid was correct. Further JGA provided a spreadsheet of Void's travel expenses, which annotates that the amount of \$150.50 is a corrected amount; however, provided no justification or support for what the \$150.50 is comprised of. To close this recommendation, JGA should provide supporting documentation remedying \$1,141.00 in unsupported questioned costs.
- 14. Resolved.** As part of its response, JGA provided a copy of their Reimbursement Request Procedure, which includes a requirement for JGA to review supporting documentation and request additional support from subrecipients if necessary. This recommendation can be closed when JGA provides a copy of the finalized Policies and Procedures Manual, which includes the Reimbursement Request Procedure.

- 15. Resolved.** As part of its response, JGA provided the policy related to the Proposal Evaluation Process, which requires the Director to justify award decisions outside of the peer review results. This recommendation can be closed once we receive and review JGA's finalized Policies and Procedures Manual that outlines the grants solicitation and award process and requires JGA's Director to justify award decisions outside the peer review results.
- 16. Resolved.** This recommendation can be closed once we receive and review JGA's finalized Policies and Procedures Manual, which outlines procedures requiring JGA to accurately assess and verify during their annual site visits the progress of subrecipient accomplishments toward their goals and objectives.
- 17. Resolved.** As part of its response, JGA provided the Annual Site Visit Procedures, which outlines additional requirements for subrecipients if significant concerns are identified at the site visit. In such a case, subrecipients are asked to provide JGA with a written response identifying their plan to address the identified concerns within the timeline given, with a series of corrective actions outlined if subrecipients are unable to make sufficient progress. We agree that JGA will be able to review a subrecipients plan to address the identified concerns. However, the policy does not clearly require JGA to follow-up on prior recommendations. To close this recommendation, JGA should update the Annual Site Visit Procedures to include a step that clearly states that JGA is required to follow-up on prior recommendations and the subrecipients plan and corrective actions. JGA should also provide the finalized Policies and Procedures Manual, which includes the updated Annual Site Visit Procedures.
- 18. Resolved.** In its response, JGA advised that they completed reconciliations of the 2007 and 2008 JAG grants and will submit revised FSR's by June 30, 2010. This recommendation can be closed when JGA provides: (1) evidence that the reconciliation was performed on the 2007 and 2008 JAG grants, and (2) the revised FSR's.
- 19. Closed.** In its response, JGA advised that they tried to upload the correct progress report to GMS; however, was unable to do so because the prior reports were already approved. JGA indicated that BJA requested JGA to resubmit the correct report as a special report to GMS. The OIG was able to locate and confirm that the special report had been uploaded to GMS and as such this recommendation is closed.

**20. Resolved.** This recommendation can be closed once we receive and review JGA's finalized Policies and Procedures Manual, which outlines procedures for testing the accuracy of the Recovery Act reports.