



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF JUVENILE JUSTICE AND  
DELINQUENCY PREVENTION  
GRANT AWARDED TO  
NATIONAL SAFE PLACE, INCORPORATED  
LOUISVILLE, KENTUCKY**

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

Audit Report GR-50-11-001  
November 2010

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION  
GRANT AWARDED TO  
NATIONAL SAFE PLACE, INCORPORATED  
LOUISVILLE, KENTUCKY**

**EXECUTIVE SUMMARY**

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of an Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention grant awarded to National Safe Place, Incorporated (NSP). The NSP is a wholly owned subsidiary of the Young Men's Christian Association of Greater Louisville, Incorporated. The primary purpose of the grant was to provide funding to address the immediate physical and emotional needs of at-risk youth while developing a longer-term course of action to create locations in the community where youth can easily access immediate help and safety. The goal of the project is to reach 4 million young people and to make them aware of the services available through Safe Place runaway shelters and Safe Place community locations. The NSP was awarded \$201,228 under grant number 2008-JL-FX-0146. We tested the NSP's accounting records to determine if reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and 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) internal control environment; (2) grant expenditures, including personnel; (3) budget management and control; (4) grant requirements; (5) program performance and accomplishments; (6) drawdowns; and (7) financial status and progress reports. We determined that indirect costs, program income, subgrantees, and local match were not applicable to this grant.

As of April 5, 2010, the grantee had been reimbursed \$131,009 in grant funds and had recorded total grant expenditures of \$139,491. We performed detailed testing of grant transactions, including payroll, amounting to \$139,491. We examined the NSP's accounting records, financial and progress reports, and operating policies and procedures. In total, we identified \$106,973 in dollar-related findings. Our findings are summarized below.

- Grant-related financial activity was commingled with other financial activity of the NSP.
- We questioned \$18,497 in unsupported salary and fringe benefits because the grantee did not maintain adequate supporting documentation that substantiated employee time spent on grant activity.
- The NSP received reimbursement of \$62,651 for transactions that it initiated prior to the grant start date.
- The NSP expended \$25,825 in grant funds for literature, but the literature did not contain the required acknowledgement that it was purchased with DOJ funds.
- The grantee's drawdown requests and Financial Status Reports did not reconcile to the accounting records.

Our report contains seven recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I of the report.

## TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
Background.....	1
Our Audit Approach.....	2
<b>FINDINGS AND RECOMMENDATIONS</b> .....	<b>3</b>
Operational and Administrative Structure.....	3
Accounting and Internal Controls .....	3
Grant Expenditures .....	4
Budget Management and Control .....	7
Grant Drawdowns .....	7
Grant Reporting.....	8
Program Performance and Accomplishment.....	9
Views of Responsible Officials .....	9
Recommendations .....	10
<b>APPENDIX I: OBJECTIVES, SCOPE, AND METHODOLOGY</b> .....	<b>11</b>
<b>APPENDIX II: SCHEDULE OF DOLLAR-RELATED FINDINGS</b> ....	<b>13</b>
<b>APPENDIX III: AUDITEE RESPONSE</b> .....	<b>14</b>
<b>APPENDIX IV: OFFICE OF JUSTICE PROGRAMS RESPONSE</b> ....	<b>18</b>
<b>APPENDIX V: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT</b> .....	<b>21</b>

## INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG), Audit Division has completed an audit of the National Safe Place, Incorporated (NSP), grant awarded by the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention. The NSP was awarded \$201,228 under grant number 2008-JL-FX-0146. The main purpose of the grant was to provide funding to address the immediate physical and emotional needs of at-risk youth while developing a longer-term course of action to create locations in the community where youth can easily access immediate help and safety.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. In addition, we attempted to determine program performance and accomplishments.

### Background

The NSP was originally formed as a branch of the Young Men's Christian Association of Greater Louisville, Incorporated (Louisville YMCA), and has grown to service teens in crisis and shelters nationally through the implementation of the Safe Place program. The NSP currently operates as a wholly owned subsidiary of the Louisville YMCA. The NSP's primary activities include promotional efforts to help shelters seek local businesses to serve as Safe Place locations and as sponsors of the program, training shelter staff in understanding best practices in communicating the availability of the program concept to teens both in and out of school systems, providing support services to shelters in expanding the local knowledge of the shelter services provided, and helping secure accessibility to shelters by teens in crisis.

### Office of Juvenile Justice and Delinquency Prevention Grant Awarded to National Safe Place, Incorporated

AWARD NUMBER	AWARD START DATE	AWARD END DATE	AWARD AMOUNT	OBJECTIVE
2008-JL-FX-0146	07/01/2008	06/30/2010	\$201,228	To address the physical and emotional needs of at-risk youth
<b>Total</b>			<b>\$201,228</b>	

Source: Office of Justice Programs

## Our Audit Approach

We tested compliance with what we consider the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide*, grant award documents, and relevant Office of Management and Budget (OMB) Circulars. We tested the NSP's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls to identify and report expenditures and reimbursements.
- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant.
- **Budget Management and Control** to determine the amounts budgeted and the actual costs for each approved cost category and to determine if the grantee deviated from the approved budget, and if so, if the grantee received the necessary approval.
- **Accomplishment of Grant Requirements and Objectives** to determine whether the grantee met or is capable of meeting the grant objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives.
- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported and if the grantee was managing grant receipts in accordance with federal requirements.
- **Financial Status and Progress Reports** to determine if the required reports were submitted on time and accurately reflected grant activity.

We also performed limited work and confirmed that the NSP did not receive reimbursement for indirect costs, did not generate or receive program income, was not required to contribute any local matching funds, and that funds were not awarded to sub-grantees. We therefore performed no testing in these areas.

## **FINDINGS AND RECOMMENDATIONS**

We determined that the NSP was accomplishing or making adequate progress in fulfilling the objectives of the grant. However, our audit revealed commingling of grant records, insufficient documentation to support grant payroll activity, and unallowable expenditures. As a result, we questioned \$106,973 in expenditures.

We performed audit work at the NSP Office in Louisville, Kentucky, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. We reviewed the criteria governing grant activities, including the *OJP Financial Guide* and relevant OMB Circulars. In addition, we reviewed grant documents, including the application, award, budgets, and financial and progress reports. We also interviewed key personnel at the NSP and Louisville YMCA offices.

### **Operational and Administrative Structure**

After receiving the award, the NSP assigned an NSP employee to function as the Grant Administrator. After serving as the Grant Administrator for 1 year, this person was replaced by another employee as the Grant Administrator. The NSP Executive Director stated that her role as Executive Director was to ensure that the grant objectives were being met. The NSP's Executive Director tracked the budget, requested drawdowns of funds from OJP, and reviewed invoices before they were sent to be processed by the Louisville YMCA, which maintained the accounting records, performed the bank reconciliations, and paid grant invoices.

The Grant Administrators were full-time employees of the NSP. Their responsibilities were to oversee the public relations and marketing efforts of the NSP and serve as a communications resource to each of the local Safe Place coordinators across the country. The original Grant Administrator was replaced in August 2009 and a new employee assumed his responsibilities. This position required that 20 percent of the employee's time be devoted to grant-related activities.

### **Accounting and Internal Controls**

According to the *OJP Financial Guide*, grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. Further, the accounting system should ensure, among other things, the identification and accounting for

receipt and disposition of all funds, funds applied to each budget category included in the approved award, and non-federal matching contributions.

To gain an understanding of the control environment over DOJ grants, we reviewed the award documents to determine if the NSP completed the standard assurance statements regarding eligibility and compliance with applicable laws and regulations and a drug-free work place requirement. According to OJP, a grant application cannot be submitted electronically without the grantee checking off that it agrees with these standard assurance statements. We determined that the grantee filed its application electronically and the assurances were not available in hard copy.

We also reviewed the grantee's financial management system, policies and procedures, and Single Audit Reports to assess the NSP's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. We did not test internal controls or the financial management system for the NSP as a whole.

We interviewed NSP and Louisville YMCA employees responsible for areas such as payroll, purchasing, and accounts payable, and we observed their accounting activities to further assess risk. The grantee's financial management system accounted for grant funds and grant-related expenditures. The grantee operates under procedures that it promulgates in a policy and procedures manual that covers ethics and basic business procedures. Each new employee receives a copy of the manual and the organization conducts a 2-day orientation session during which the policies are reviewed.

However, we noted internal control weaknesses within the accounting system. Specifically, DOJ grant funds were commingled with other NSP financial activity, including another federal grant. In addition, the system did not provide for sufficient separation of duties because the Louisville YMCA accounts payable clerk also processed the payment of invoices. We also found that detailed operating procedures for the accounting system were not documented and that the NSP did not have a written travel policy. Further, we noted that bank reconciliations were not signed off by either the preparer or the reviewer.

## **Grant Expenditures**

The *OJP Financial Guide* requires that states, local governments, and non-profit organizations comply with OMB Circular A-87, which states that costs must be necessary, reasonable, allocable, authorized, and adequately documented. The approved grant budget included the following:



**NATIONAL SAFE PLACE, INCORPORATED  
APPROVED GRANT BUDGET AND DESCRIPTION OF COSTS**

<b>COST CATEGORY</b>	<b>APPROVED REVISED BUDGET</b>	<b>DESCRIPTION OF PLANNED EXPENDITURES</b>
Personnel	\$18,270	A portion of the salary for the Communications Director responsible for communications and marketing
Fringe Benefits	1,764	Standard fringe cost
Travel	1,500	To attend grant management training associated with the program
Supplies	46,691	Safe Place wristbands, brochures, books, t-shirts with text messaging information, and various promotional items
Contract/Consultant	60,000	Contractor for marketing and making youth aware of the services that the NSP provides
Other	73,003	Promotions and development of blog
<b>TOTAL</b>	<b>\$201,228</b>	
<b>FEDERAL FUNDS</b>	<b>\$201,228</b>	
<b>LOCAL MATCH</b>	<b>\$0</b>	

Source: Office of Justice Programs and National Safe Place Records

The grantee expended grant funds on payroll, supplies, travel, promotional material, and development of a website. The grantee also produced advertising on National Safe Place for movie theaters. To determine the accuracy and allowability of costs charged to the grant, we reviewed personnel and other direct expenditures. Total expenditures for the grant totaled \$139,491, of which the NSP had been reimbursed \$131,009. We tested all paid invoices and all payroll and fringe benefits through April 5, 2010. This testing included 42 invoices, which totaled \$120,993. The dollar amount that we tested for payroll and fringe benefits totaled \$18,497. The total amount of expenditures tested was \$139,491.<sup>1</sup>

Our testing revealed that the grantee had adequate documentation to support the non-personnel expenditures. However, we identified questioned costs totaling \$106,973 because the grantee could not provide adequate support for personnel and fringe benefit costs and used grant funds for unallowable items, as described below.

OMB Circular A-122, "*Cost Principles for Non-profit Organizations*," requires charges for salaries and wages to be based on documented payrolls

<sup>1</sup> Any differences in total amounts are due to rounding.

approved by a responsible official of the organization. Further, reports must be prepared each month reflecting the actual activity of each employee, not estimated amounts. The reports must be signed by the individual employee or by a responsible supervisor having first-hand knowledge of the activities performed by the employee, and the distribution of activity must represent a reasonable estimate of the actual work performed by the employees. A substitute system may be used if approved in writing by the cognizant agency.

The grantee did not have activity reports detailing how much time the Grant Administrators spent on grant activity because, under the grantee's system, these employees were considered management employees and were exempt from using the grantee's time tracking system.<sup>2</sup> The timesheets for management employees only certify that the required 80 hours were worked for the bi-weekly pay period. As previously reported, the Grant Administrators devoted approximately 20 percent of their time to the DOJ grant and the rest of their time to other non-grant related activities. According to OMB Circular A-122, grant employees who work part-time on a grant are required to record their time on activity reports. We are therefore questioning \$18,497 in personnel and fringe benefit costs because these costs were not adequately supported.

The NSP also used \$62,651 in grant funds for transactions that occurred prior to the grant award date. The grant period start date was July 1, 2008, and the NSP's accounting records show that the funds for these transactions were obligated from January 2008 through June 2008. These funds were used for supplies, travel, salary and fringe benefits, contractual, and other expenses. According to the *OJP Financial Guide*, grant expenditures must be encumbered on or after the beginning date of the grant award period. Therefore, we are questioning the \$62,651 in grant expenditures obligated prior to the award period.

In addition, the NSP purchased promotional items such as shirts, teddy bears, wristbands, note pads, and flyers. However, these items did not contain an acknowledgment that DOJ funded the items. According to the *OJP Financial Guide*, all materials publicizing or resulting from award activities shall contain an acknowledgement of the awarding agency assistance. Based on our review of the items, the grantee has not fulfilled this requirement. Therefore, we are questioning the cost of these items, which totaled \$25,825.

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<sup>2</sup> National Safe Place changed its grant administrator in August 2009.

## Budget Management and Control

The NSP Executive Director monitored the grant budget to ensure that overall spending was appropriate and that spending by budget category was proper. She did this by maintaining a spreadsheet of the expenses that were charged to the grant. When we compared the grant budget against actual spending, we found that all expenditures in all categories were under the budgeted amounts.

## Grant Drawdowns

We reviewed the NSP's process for requesting OJP reimbursement for grant-related costs to ensure that reimbursement requests were supported adequately by official accounting records and were in accordance with federal requirements. However, rather than matching reimbursements to expenses as required by the *OJP Financial Guide*, grant officials took reimbursements from the grant when they felt they would need funds.

We compared drawdowns to actual expenses recorded in the NSP general ledger and found that for the periods we reviewed, the figures did not reconcile. However, we did note that as of April 5, 2010, the NSP had \$8,482 in expenses for which it had not yet claimed reimbursement, and we found that the NSP did not have excess funds on hand. The NSP should establish procedures to ensure that its drawdown requests are based on actual grant expenditures, as recorded in the grant accounting records.

### COMPARISON OF DRAWDOWNS TO EXPENDITURES

Drawdown Date	Expenditures Per General Ledger	Drawdown Amount	Difference
10/27/2008	68,803.02	20,000.00	48,803.02
12/03/2008	7,206.83	7,000.00	206.83
03/12/2009	21,075.43	30,000.00	(8,924.57)
04/01/2009	397.73	15,000.00	(14,602.27)
05/05/2009	1,216.99	10,000.00	(8,783.01)
07/01/2009	3,047.05	2,500.00	547.05
07/23/2009	0.00	7,500.00	(7,500.00)
08/12/2009	837.52	500.00	337.52
09/03/2009	1,027.89	1,250.00	(222.11)
10/02/2009	1,403.67	9,900.00	(8,496.33)
11/02/2009	2,577.86	3,000.00	(422.14)
12/03/2009	855.77	10,000.00	(9,144.23)
01/08/2010	21,988.67	5,000.00	16,988.67
03/11/2010	6,099.51	5,000.00	1,099.51
04/05/2010	2,952.89	4,359.00	(1,406.11)
<b>TOTAL</b>	<b>139,490.83</b>	<b>131,009.00</b>	<b>8,481.83</b>

Source: OIG analysis of Office of Justice Programs and National Safe Place data

## Grant Reporting

The *OJP Financial Guide* states that two types of reports are to be submitted by the grantee. Financial Status Reports (FSR) provide information on monies spent and the unobligated amounts remaining in the grant. Program progress reports provide information on the status of grant-funded activities.

### *Financial Status Reports*

The *OJP Financial Guide* states that FSRs are due within 45 days after the end of the calendar quarter. We reviewed all filed FSRs and determined that they were submitted on time. However, our analysis showed that all of the FSRs contained errors. For example, the first FSR – for the period of July 1, 2008, to September 30, 2008 – listed no expenditures for the period, while the accounting records listed \$66,976 in expenditures. Further, the FSR for the period October 1, 2008, to December 31, 2008, shows expenditures of \$42,000, yet the general ledger identified expenditures totaling \$9,432. Our results for all reports reviewed are displayed in the following table.

#### COMPARISON OF EXPENDITURES REPORTED IN THE NSP's FINANCIAL STATUS REPORTS AND GENERAL LEDGER

Report Period	Expenditures per General Ledger	Expenditures per FSR	Difference
07/01/08 to 09/30/08	66,975.52	0.00	66,975.52
10/01/08 to 12/31/08	9,432.06	42,000.00	(32,567.94)
01/01/09 to 03/31/09	21,075.43	40,000.00	(18,924.57)
04/01/09 to 06/30/09	3,854.41	20,000.00	(16,145.59)
07/01/09 to 09/30/09	3,250.82	11,650.00	(8,399.18)
10/01/09 to 12/31/09	25,422.30	18,000.00	7,422.30

Source: Office of Justice Programs and National Safe Place

### *Progress Reports*

According to the *OJP Financial Guide*, progress reports are due semiannually on January 30 and July 30 for the life of the grant. We reviewed the three most recent progress reports and determined that the grantee submitted them in a timely manner. In addition, the data in the three reports that the grantee submitted was supported by documentation about the grant-funded activities.

## **Program Performance and Accomplishment**

The mission of the NSP is to provide at-risk youth a safe place to go or provide youth help with their problems. The NSP was established as a program by the Louisville YMCA to serve the needs for all young people in crisis in the Louisville area. Over time, the program has expanded throughout the country. The NSP works with other organizations that sponsor the program in their hometowns. Today, the NSP serves as the umbrella organization that provides programming, material, support, and coordination to its affiliates.

The objectives of the grant were to reach 4 million young people and to make them aware of the services available through Safe Place runaway shelters and community locations. The NSP commissioned a public relations firm that launched public service advertisements that were viewed by middle and high school students. Additionally, the advertisements were shown at schools that subscribed to a satellite television service that provided news and educational content to students. The NSP also implemented and promoted a program whereby youths could send a text message to the NSP and in return, they would receive the location of a local shelter where they could receive help. The Progress Report ending June 30, 2009 stated that the Building a Safety Net for Youth campaign continued through the efforts of Safe Place coordinators in 139 Safe Place agencies. According to the NSP, from January 1 to June 30, 2009, 994,834 youth were reached through a nationwide campaign involving public awareness advertising at movie theaters.

To determine if the NSP met the objectives of the grant, we reviewed various reports that were provided to the NSP by third parties that tracked the number of youth that saw the movie trailers and the number of students that were exposed to the public service advertisements at their school. We reviewed the reports and found that the number of reported viewers at cinemas and in schools appears to be reasonable and in line with the grant's objectives.

### **Views of Responsible Officials**

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

## Recommendations

We recommend that OJP:

1. Require the NSP to account separately for grant financial activity in order to prevent the commingling of the accounting records with other NSP federal grant financial activity.
2. Remedy the \$18,497 in unsupported salary costs and fringe benefits charged to the grant.
3. Remedy the pre-award costs of \$62,651 charged to the grant.
4. Remedy the \$25,825 expended on promotional material that did not have the required DOJ acknowledgement.
5. Ensure that any future promotional items that are purchased with DOJ funds indicate on the items that they were purchased with DOJ funds.
6. Require the NSP to establish grant accounting procedures to ensure that drawdowns are based on actual expenditures as recorded in the grant accounting records. The NSP should also ensure that its accounting provider has adequate internal controls in place, to include an adequate separation of duties for cash-related functions.
7. Require the NSP to submit corrected Financial Status Reports.

## **APPENDIX I: OBJECTIVES, SCOPE, AND METHODOLOGY**

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards and included such tests as were considered necessary to accomplish our objectives. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on, but was not limited to, the inception of the grant on July 1, 2008, through April 5, 2010. This was an audit of the Juvenile Justice and Delinquency Prevention Act of 2002, grant number 2008-JL-FX-0146, for which the NSP was awarded a total of \$201,228. In conducting our audit, we performed sample testing in two areas – drawdowns and grant expenditures. In this effort, we selected all transactions, including payroll and fringe benefits. We reviewed 42 grant-related expenditures and performed separate tests of the payroll and fringe benefit costs. In total, the grantee had drawn down \$131,009 and reported grant costs of \$139,491 as of April 5, 2010. We tested all grant expenditures, which totaled \$139,491.

We tested compliance with what we consider the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide*. We reviewed the NSP's grant activities in the following areas: (1) internal control environment; (2) grant expenditures, including personnel; (3) budget management and control; (4) grant requirements; (5) program performance and accomplishments; (6) drawdowns; and (7) financial status and progress reports. We determined that indirect costs, program income, local match, and subgrantees were not applicable to this grant.

The NSP is a wholly owned subsidiary corporation of the Young Men's Christian Association of Greater Louisville, Incorporated. The NSP was audited in 2008 by an independent Certified Public Accountant, and the results of this audit were reported in the Single Audit Reports that accompanied the Comprehensive Annual Financial Report for the year ended

December 31, 2008. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to the grantee or federal programs. The independent auditor's assessment disclosed no control weaknesses or significant noncompliance issues related to the NSP. We performed limited testing of source documents to assess the timeliness and accuracy of Financial Status Reports, reimbursement requests, expenditures and Progress Reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. We also tested all invoices, payroll, and fringe benefits as of March 19, 2010. However, we did not test the reliability of the financial management system as a whole.



## APPENDIX II: SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS</u>	<u>AMOUNT</u>	<u>PAGE</u>
Unsupported Salary for Grant Administrator Position and Unsupported Fringe Benefit Costs	\$ 18,497	6
Unallowable Pre-award Costs	62,651	6
Unallowed Material Cost not Marked as DOJ- Funded	25,825	6
<b>TOTAL QUESTIONED COSTS</b>		
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b>\$106,973</b>	

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**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. Total questioned costs may exceed the total award because costs may be questioned for more than one reason. These costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX III: AUDITEE RESPONSE

*Our Mission  
Project Safe Place provides  
access to immediate help  
and supportive resources for  
all young people in crisis  
through a network of sites  
sustained by qualified agencies,  
trained volunteers and businesses.*

### **Board of Directors**

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*PepsiCo*

Nikki Wielgos  
*Crisis Center, Inc.*

### **Executive Director**

Laurie Jackson

October 18, 2010

Carol S. Taraszka  
Regional Audit Manager  
U.S. Department of Justice  
Office of the Inspector General  
Chicago Regional Audit Office  
500 West Regional Audit Office  
Suite 1121  
Chicago, IL 60661

Dear Ms. Taraszka,

I received your letter and the draft report on the limited scope audit conducted on National Safe Place (NSP) Office of Justice Program grant 2008-JL-FX-0146 by your office earlier this year. I understand that seven recommendations have been made for NSP with regard to this audit. I have enclosed with this letter a copy of each of the recommendations and the response to each. The response includes NSP's agreement or disagreement with each statement as well as our corrective action plan and timeline. I have also included a copy of the NSP updated grants policy and procedures as Attachment One.

As the new Executive Director for National Safe Place, I appreciate the opportunity to provide feedback on this draft report. It is my understanding that this is the first federal grant from the Justice Department received by National Safe Place and this agency certainly wants to assure that we are correctly administering these funds. We have completed many of the objectives for this project and have excellent outcomes to show.

Please do not hesitate to contact me if you have any questions or need any additional information. I can be reached at 502-635-3660 or via email at [ljackson@nationalsafeplace.org](mailto:ljackson@nationalsafeplace.org).

Sincerely,

Laurie Jackson  
Executive Director

Department of Justice

Draft Audit Response by  
National Safe Place

**Recommendation #1**

Require NSP to account separately for grant financial activity in order to prevent the commingling of the accounting records with other NSP federal grant financial activity.

**Response #1**

National Safe Place agrees that funds were not segregated in the accounting functions. In order to assure that this issue does not happen in the future, the agency has already made adjustment to the accounting process. All federal funds that come into NSP will be given a separate program code and all revenue and expenses associated with that federal grant will be accounted for within that program code. For example, OJJDP funds will be accounted for in account/code 426. New account codes will be created for each different federal grant received by NSP.

**Recommendation #2**

Remedy the \$18,497 in unsupported salary costs and fringe benefits charged to the grant.

**Response #2**

NSP agrees that grant time was not documented as necessary. It is now the policy of NSP that whenever federal funds are received for an employee's salary that employee will document their work time attributed to the grant on a grant time sheet. In order to justify the \$18,497 in costs from the audit, certified time sheets will be compiled. These certified time sheets will be signed by the employee attesting to the work time that was spent on the grant from July 1, 2008 until the audit was completed and grant time sheets were instituted. In addition, the Executive Director will sign the timesheets certifying that the work was completed and the time attributed to the grant. NSP will seek retro approval for this time from OJP.

**Recommendation #3**

Remedy the pre-award costs of \$62,651 charged to the grant.

**Response #3**

This grant was requested and funded in order to do an awareness campaign for NSP. The \$62,651 in pre-award expenses were used to secure services from the contractor, Colman Brohan Davis for the development and branding of this campaign. Most specifically, this was for design of an ad for National Safe Place and purchase of the theatre advertising time to run the ad in theatres. The previous Executive Director had conversations with the Program Officer and requested this pre-award expense. I have spoken with the Program Officer and she recalls speaking with the previous Executive Director. NSP has requested retroactive pre-cost agreement approval in writing and the Program Officer is completing this.

**Recommendation #4 & 5**

Remedy the \$25,825 expended on promotional material that did not have the required DOJ acknowledgement. Ensure that any future promotional items that are purchased with DOJ funds indicate on the items that they are purchased with DOJ funds.

**Response #4 & 5**

National Safe Place did purchase and distribute promotional items that did not state they had been purchased with DOJ funds. NSP has implemented a policy that if promotional items are purchased with any grant funds, federal or otherwise, all items will contain acknowledgement that they were purchased with the grant funds. This policy went into effect on October 1, 2010. With regard to the items already purchased and delivered, NSP, with approval from DOJ, will send a letter to all entities that received any of the promotional items. This letter will state that the items were purchased with funds from a grant received by NSP from the Department of Justice.

**Recommendation #6**

Require NSP to establish grant accounting procedures to ensure that drawdowns are based on actual expenditures as recorded in the grant accounting records. NSP should also ensure that its accounting provider has adequate internal controls in place, to include an adequate separation of duties for cash-related functions.

**Response #6**

National Safe Place has established policies that states “when payments for grants are to be received incrementally or through a drawdown process, NSP will only draw down amounts that are based on actual expenditures. Expenditures will have already occurred or will occur within three days of the drawdown request. Documentation for expenses attributed to specific grants will be kept on file in the main grant file or will be easy to track and retrieve from accounting based on the accounting program code.

National Safe Place believes that both the NSP office and the financial accounting office have adequate internal controls in place including separation of duties for cash related functions. The Office Manager is responsible for receipts and completing deposits forms. The Program Coordinator delivers deposits to the bank. The Executive Director reviews the cash receipts and the financials to assure revenue is posted. The Executive Director also monitors monthly financial statements and detailed general ledger transactions. The NSP board also reviews the financial statements monthly. Accounts Payable clerk writes checks and pays the bills based on invoices submitted from NSP. Invoices have been reviewed and coded by the Executive Director. Checks of over \$1,000 are also signed by the CFO. The Accounting Manager reconciles the bank account each month. Both the YMCA of Greater Louisville (the accounting financial entity) and National Safe Place are audited each year. The audits of both organizations have indicated that proper separation is in place.

**Recommendation #7**

Require NSP to submit corrected Financial Status Reports.

**Response #7**

NSP agrees that Financial Status Reports may have been inaccurate. NSP will revise and resubmit all Financial Reports for this grant in a timeline determined by the Department of Justice.

National Safe Place  
Grants Policy

**Policy Statement:** It is the policy of National Safe Place that grants received by this agency, including federal, state, local, will be documented in accordance with all guidelines for that grant.

**Procedures:**

1. When a grant is received, an official grant file will be opened. This file will have a copy of the grant submitted and the award letter. As expenses occur, a copy of the receipts will be kept in the grant file along with any documentation regarding drawdowns or receipt of grant funds. Additional material in the grant file will include any financial and program reports completed for the grant.
2. All staff or employees funded under a grant will be required to track their time associated with each grant on a grant timesheet. These will be kept on file and turned into their supervisor on a monthly basis. Timesheets will be signed by the employee and the supervisor. These timesheets will then be kept and stored in the main grant file.
3. All grants that require it will be kept in a separate account in order to prevent co-mingling of funds. Accounting records for each federal grant will be tracked using a separate accounting program code. This code will be assigned by the finance office.
4. If any grant funds are received that provide for the purchase of promotional items, NSP will assure that these promotional items will state on them that they were purchased with grant funds and list the funding agency. This procedure will be followed unless the funding agency makes a different stipulation.
5. When payments for grants are to be received incrementally or through a drawdown process, NSP will only draw down amounts that are based on actual expenditures. Expenditures will have already occurred or will occur within three days. Documentation for expenses attributed to a specific grant will be kept on file in the main grant file or will be easy to track from the accounting office based on the grant accounting program code.

## APPENDIX IV: OFFICE OF JUSTICE PROGRAMS RESPONSE



**U.S. Department of Justice**

*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

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*Washington, D.C. 20531*

**October 13, 2010**

MEMORANDUM TO: Carol S. Taraszka  
Regional Audit Manager  
Office of the Inspector General  
Chicago Regional Audit Office

FROM: /s/  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention, Grant Awarded to National Safe Place, Incorporated, Louisville, Kentucky*

This memorandum is in response to your correspondence, dated September 24, 2010, transmitting the subject draft audit report for National Safe Place, Incorporated (NSP). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **seven** recommendations and **\$106,973** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP require NSP to account separately for grant financial activity in order to prevent the commingling of the accounting records with other NSP Federal grant financial activity.**

We agree with the recommendation. We will coordinate with NSP to obtain a copy of implemented procedures to prevent the commingling of OJP grant funds with funds from other Federal grants, in the NSP's accounting records.

- 2. We recommend that OJP remedy the \$18,497 in unsupported salary costs and fringe benefits charged to the grant.**

We agree with the recommendation. We will coordinate with NSP to remedy the \$18,497 in unsupported salary and fringe benefits costs charged to grant number 2008-JL-FX-0146.

- 3. We recommend that OJP remedy the pre-award costs of \$62,651 charged to the grant.**

We agree with the recommendation. We will coordinate with NSP to remedy the \$62,651 in questioned pre-award costs charged to grant number 2008-JL-FX-0146.

- 4. We recommend that OJP remedy the \$25,825 expended on promotional material that did not have the required U.S. Department of Justice (DOJ) acknowledgement.**

We agree with the recommendation. We will coordinate with NSP to remedy the \$25,825 in questioned costs related to promotional material that did not have the required DOJ acknowledgement.

- 5. We recommend that OJP ensure that any future promotional items that are purchased with DOJ funds indicate on the items that they were purchased with DOJ funds.**

We agree with the recommendation. We will coordinate with NSP to obtain a copy of implemented procedures to ensure that future promotional material items purchased with DOJ funds are properly labeled as having been funded by DOJ.

- 6. We recommend that OJP require NSP to establish grant accounting procedures to ensure that drawdowns are based on actual expenditures recorded in the grant accounting records. NSP should also ensure that its accounting provider has adequate internal controls in place, to include an adequate separation of duties for cash-related functions.**

We agree with the recommendation. We will coordinate with NSP to obtain a copy of implemented procedures to ensure that drawdowns are based on actual expenditures recorded in NSP's grant accounting records, and that its accounting provider has adequate internal controls in place to ensure the separation of duties for cash-related functions.

- 7. We recommend that OJP require NSP to submit corrected Financial Status Reports.**

We agree with the recommendation. We will coordinate with NSP to provide a revised, current Federal Financial Report for grant number 2008-JL-FX-0146.

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

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OJP Executive Secretariat  
Control Number 20101932



## **APPENDIX V: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT**

We provided National Safe Place (NSP) and the Office of Justice Programs (OJP) our draft audit report for review and comment. The response we received from the NSP has been incorporated into our report as Appendix III, and the response that we received from OJP has been incorporated into our report as Appendix IV. In our analysis below, we respond to any relevant comments and detail the actions necessary to close each of the recommendations.

### **Recommendation Number:**

1. **Resolved.** OJP concurred with our recommendation that the NSP account separately for grant financial activity in order to prevent the commingling of the accounting records with other NSP federal grant financial activity. According to the NSP's response, it has made adjustments to its accounting procedures so that all federal funds that come into the NSP will be given a separate program code and all expenses associated with that federal grant will be accounted for within that program code. This recommendation can be closed when we receive evidence that the NSP has implemented appropriate grant management procedures, approved by OJP, that address accounting, reporting, purchasing, and general grant administration.
2. **Resolved.** OJP concurred with our recommendation that the \$18,497 in unsupported salary costs and fringe benefits charged to the grant be remedied. In its response, the NSP stated that it now has a policy to ensure that whenever federal funds are received for an employee's salary, that employee will document their work time attributed to the grant on a grant time sheet. Additionally, the NSP stated that it will submit to OJP certified timesheets to remedy the questioned costs. This recommendation can be closed when we receive evidence that the \$18,497 in unsupported costs has been remedied in an appropriate manner.
3. **Resolved.** OJP concurred with our recommendation that the pre-award costs of \$62,651 charged to the grant be remedied. According to the NSP's response, it used the pre-award expenses to secure services from a contractor to develop and brand an awareness campaign. The NSP further stated that it will request from OJP retroactive approval for these expenses. This recommendation can be

closed when we receive evidence that the \$62,651 in pre-award costs charged to the grant have been remedied in an appropriate manner.

4. **Resolved.** OJP concurred with our recommendation to remedy the \$25,825 expended on promotional material that did not have the required DOJ acknowledgement. In its response, the NSP stated that it has implemented a policy to ensure that all grant-funded items will contain an acknowledgement that they were purchased with grant funds. Additionally, the NSP stated that, with DOJ approval, it will send a letter to all entities that received the promotional items that states the items were purchased with DOJ grant funds. This recommendation can be closed when we receive evidence that the \$25,825 expended on promotional material has been remedied in an appropriate manner.
5. **Resolved.** OJP concurred with our recommendation that the NSP ensure that any future promotional items that are purchased with DOJ funds indicate on the items that they were purchased with DOJ funds. In its response, the NSP stated that it has implemented a policy to ensure that all grant-funded items will contain an acknowledgement that they were purchased with grant funds. This recommendation can be closed when we receive evidence that the NSP has implemented appropriate procedures, approved by OJP, that ensure that all grant-funded items will contain an acknowledgement that they were purchased with grant funds.
6. **Resolved.** OJP concurred with our recommendation that the NSP establish grant accounting procedures. According to the NSP's response, it has established policies to ensure that it draws down only amounts that are based on actual expenditures. Additionally, the NSP stated that it believes both the NSP office and the financial accounting office have adequate internal controls in place, including separation of duties for cash-related functions. This recommendation can be closed when we receive evidence that the NSP has implemented grant accounting procedures to ensure that drawdowns are based on actual expenditures recorded in the NSP's grant accounting records, and that its accounting provider has adequate internal controls in place to ensure the separation of duties for cash-related functions.
7. **Resolved.** OJP concurred with our recommendation that the NSP be required to submit corrected Financial Status Reports (FSR). The NSP stated that it will revise and resubmit all financial reports for this grant in a timeline determined by DOJ. This recommendation can be closed when we receive evidence that the NSP has submitted corrected FSRs.