



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE AND
DELINQUENCY PREVENTION
GRANT AWARDED TO
CLEVELAND BOTANICAL GARDEN
CLEVELAND, OHIO**

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

Audit Report GR-50-11-002
December 2010

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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 (OJJDP) grant awarded to the Cleveland Botanical Garden (CBG). The CBG, located in Cleveland, Ohio, is a botanical garden that also conducts outreach programs, including five urban farms located in various Cleveland neighborhoods.

The primary purpose of the grant was to provide work-study opportunities for Cleveland high school students by expanding the CBG's existing Green Corps project.¹ The CBG was awarded \$491,892 under grant number 2008-JL-FX-0182. The grant was used to improve four existing urban farms and to add a fifth farm, pay the salaries and fringe benefits of the program supervisors and the salaries of the students, and to improve the education curriculum. We tested the CBG'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, subgrantees, and local match were not applicable to this grant.

¹ Green Corps is a workforce-training program for urban youth founded by the Cleveland Botanical Garden. Students earn a wage as they learn about growing produce and life, leadership, and job skills. Produce that is grown on the five urban farms is sold at local farmers markets with the profits reinvested in the program.

As of December 31, 2009, the grantee had been reimbursed \$491,892 in grant funds. We performed detailed testing of 50 invoices, or 27 percent, of the invoices paid through December 31, 2009. We tested four payrolls totaling \$21,112, out of the total payroll of \$354,120. We examined the CBG's accounting records, financial and progress reports, and operating policies and procedures. Our findings are summarized below.

- Program income earned through the sale of produce and salsa made in part from Green Corps farm-raised produce was not reported.
- The Financial Status Reports did not match the accounting records and did not include program income.² In addition, two Financial Status Reports and Progress Reports were submitted late.

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

² Financial Status Reports (FSR) are no longer used to report grantee financial activity. Beginning with the reporting period of October 2009 through December 2009, grantees are required to submit quarterly Federal Financial Reports to provide OJP with information on how grant funds are being utilized. For consistency, in the body of this report we use the term "FSR" to refer to both types of reports.

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INTRODUCTION

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 (OJJDP) grant awarded to the Cleveland Botanical Garden (CBG), located in Cleveland, Ohio. The CBG was awarded \$491,892 under grant number 2008-JL-FX-0182. The purpose of the grant was to provide material for the CBG’s four existing urban farms, provide funding to start a fifth urban farm, hire additional students to work on the various urban farm locations, and to enhance the curriculum.

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 ascertain whether the grantee was meeting the program objectives of the grant.

Background

The CBG is a non-profit, private educational organization that is located in the University Circle neighborhood on Cleveland’s east side. It serves the community as a botanical garden and through various community outreach programs such as its Green Corps project. The Green Corps project operates five urban farms that provide employment opportunities for Cleveland high school students. The students also receive education on horticulture, nutrition, entrepreneurship, and personal finance.

OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION GRANT AWARDED TO CLEVELAND BOTANICAL GARDEN

AWARD NUMBER	AWARD START DATE	AWARD END DATE	AWARD AMOUNT	OBJECTIVE
2008-JL-FX-0182	07/01/2008	12/31/2009	\$491,892	To expand an existing program to provide additional work and study opportunities for area students.
Total			\$491,892	

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 *2008 OJP Financial Guide*, grant award documents, and relevant Office of Management and Budget (OMB) Circulars. We tested the CBG'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.³

We also performed limited work and confirmed that the CBG did not receive reimbursement for indirect costs, was not required to contribute any local matching funds, and did not award funds to sub-grantees. We therefore performed no testing in these areas.

³ Financial Status Reports (FSR) are no longer used to report grantee financial activity. Beginning with the reporting period of October 2009 through December 2009, grantees are required to submit quarterly Federal Financial Reports to provide OJP with information on how grant funds are being utilized. For consistency, in the body of this report we use the term "FSR" to refer to both types of reports.

FINDINGS AND RECOMMENDATIONS

We determined that the Cleveland Botanical Garden generally met the objectives of the grant. However, we found that the grantee generated income that was used to enhance the project, but the grantee did not track what portion of its income was allocable to the audited grant. We also found that the grantee's Financial Status Reports did not match the accounting records, did not include program income, and that two Financial Status Reports and two Progress Reports were submitted late.

We performed audit work at the CBG Office in Cleveland, Ohio, 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 *2008 OJP Financial Guide* and relevant Office of Management and Budget (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 CBG.

Operational and Administrative Structure

After receiving the award, the CBG assigned a CBG employee to function as the Grant Administrator. The comptroller stated that the grant administrator was to ensure that the grant objectives were being met, track the budget, request drawdowns of funds from OJP, and review invoices before they were sent to be processed by the accounting department, which maintained the accounting records, performed the bank reconciliations, and paid grant invoices.

Accounting and Internal Controls

According to the *2008 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.

We reviewed the grantee's financial management system, policies and procedures, and audit reports to assess the CBG'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 CBG as a whole.

We interviewed CBG employees responsible for areas such as payroll, purchasing, and accounts payable, and we observed the grantee’s accounting activities to assess further risk. In our initial review of the grantee’s financial management system, we found that not all grant-related transactions were properly coded as grant-related transactions. When we brought this to the grantee’s attention, the grantee corrected this by re-coding all of its grant-related transactions. We were then able to determine that the CBG had properly accounted for grant funds and grant-related expenditures. We also determined that the grantee operates under procedures that are in its policy and procedures manual.

Grant Expenditures

The approved grant budget included the following:

**CLEVELAND BOTANICAL GARDEN
APPROVED GRANT BUDGET AND DESCRIPTION OF COSTS**

COST CATEGORY	APPROVED BUDGET	DESCRIPTION OF PLANNED EXPENDITURES
Personnel	\$354,120	Education Director, farm managers, students
Fringe Benefits	47,745	Standard fringe benefit cost
Travel	4,020	To attend various meetings associated with the program and for student transportation
Equipment	3,000	Tools
Supplies	27,084	Gardening soil, plants, worms, and bees
Contract/Consultant	39,950	Contracts for information technology, bottling of salsa, lease of properties, photographer, soil testing, and tree removal
Other	15,973	Portable toilets, trucks, and equipment rental
TOTAL	\$491,892	
FEDERAL FUNDS	\$491,892	
LOCAL MATCH	\$0	

Source: Office of Justice Programs and Cleveland Botanical Garden Records

The grantee expended grant funds to establish an additional urban farm, to upgrade four existing urban farms, and to enhance its curriculum. The students were required to attend education sessions on horticulture, entrepreneurship, business, and life skills. In addition, the students

participated on research projects with the Ohio State Agriculture Research and Development Center, and they visited various area colleges. The students used their skills to grow produce at the urban farms, which they sold at area farmers markets. They also used their produce to make salsa that they sold at the farmers markets and at other area locations.

To determine the accuracy and allowability of costs charged to the grant, we reviewed a sample of personnel and fringe benefits and other direct expenditures. According to the grantee's accounting records, total expenditures for the grant were \$491,892, and the CBG had been reimbursed for the total amount. We tested 50 paid invoices, which totaled \$34,052, and a sample of 4 payrolls through December 31, 2009. The dollar amount that we tested for payroll totaled \$21,112 out of \$354,120 and fringe benefits of \$1,575 out of \$47,745. The total amount of expenditures tested was \$56,739. Our testing revealed that all expenditures were allowable and adequately supported.

Program Income

The project narrative and the budget narrative that the grantee submitted to OJP stated that the project would generate income from the sale of fresh produce and salsa. However, we found in our review that the grant award package from OJP was not consistent in how it dealt with program income. Specifically, in the section on cost categories in the award package, OJP indicated that the amount of program income would be zero. The project summary section in the same award package, though, notes that the CBG will sell produce at farmers' markets and produce bottled foods using its harvest.

We determined that the CBG did earn program income from the sale of fresh produce and salsa. We also determined that the CBG deposited these funds into the project account for grant-related use. However, the CBG did not track what portion of the income was allocable to the audited grant and did not report the program income to OJP.

Budget Management and Control

The CBG Grant Administrator 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 equaled the budgeted amounts. We also determined that the funds had all been

expended and used according to the terms of the grant; the enhancement of the project and adding the fifth urban farm.

Grant Drawdowns

We reviewed the CBG’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. We determined that the support was adequate and the requests were proper.

Grant Reporting

The *2008 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 *2008 OJP Financial Guide* states that FSRs are due within 45 days after the end of the calendar quarter. We reviewed all six FSRs and determined that one report was submitted 11 days late. In addition, our analysis showed that four of the six FSRs contained errors. Our results for all FSRs reviewed are displayed in the following table. We noted that the FSRs did not match the CBG’s accounting records. Grantee officials explained that they realized that they had made errors on several FSRs and used successive FSRs to make corrections. The FSRs also did not report income earned from the project, which is a requirement according to the *2008 OJP Financial Guide*

COMPARISON OF EXPENDITURES REPORTED IN THE CBG’s FINANCIAL STATUS REPORTS AND GENERAL LEDGER

Report Period	Expenditures per General Ledger	Expenditures per FSR	Difference
07/01/08 to 09/30/08	130,929	110,910	(20,019)
10/01/08 to 12/31/08	28,745	37,166	8,421
01/01/09 to 03/31/09	48,076	48,076	0
04/01/09 to 06/30/09	104,212	104,212	0
07/01/09 to 09/30/09	150,722	141,538	(9,184)
10/01/09 to 12/31/09	29,208	49,990	20,782

Source: Office of Justice Programs and Cleveland Botanical Garden

Progress Reports

According to the *2008 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 data in the three reports that the grantee submitted was supported by documentation about the grant-funded activities. However, we found that the first report was submitted 25 days late and the second was submitted 8 days late.

Program Performance and Accomplishments

The first goal of the grant was to help urban youth break the cycle of poverty by providing area students with a project-based experience to learn about urban horticulture and entrepreneurship. The second goal was to expand the program's capacity by adding an additional urban farm.

The project achieved the first goal by providing education to the students that allowed them to raise produce at the urban farms that the students either sold at local farmers markets or used to produce salsa for retail sale. The project also met the second goal of expanding the program by creating the fifth urban farm in 2009. We found that the project grew from 40 students in 2007 to 74 students in 2009. Additionally, an official from the CBG told us that all of the participating students who graduated from high school in 2010 were accepted into college or the military.

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 CBG to submit corrected Financial Status Reports, which should include any program income earned.

APPENDIX I - OBJECTIVE, 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 objective.

Our audit concentrated on, but was not limited to, the inception of the grant on July 1, 2008, through December 31, 2009. This was an audit of the Juvenile Justice and Delinquency Prevention Act of 2002 grant number 2008-JL-FX-0182 for which the Cleveland Botanical Garden (CBG) was awarded a total of \$491,892. In conducting our audit, we performed sample testing in two areas – drawdowns and grant expenditures. In this effort, we selected 50 transactions exclusive of payroll and fringe benefits for review. We also performed separate tests of the payroll and fringe benefit costs.

In total, the grantee had drawn down \$491,892 and reported grant expenses of \$491,892 as of December 31, 2009. We tested 50 invoices, which totaled \$34,052. In addition, we tested \$21,112 out of a total of \$354,120 in salary costs and \$1,575 out of \$47,745 in total fringe benefits costs. In total, we tested \$56,739.

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 *Office of Justice Programs Financial Guide*. We reviewed the CBG'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, local match, and subgrantees were not applicable to this grant.

The CBG is a non-profit, private educational organization that serves the community through its botanical garden and by providing education opportunities to the community, including the Green Corps program. An independent certified public accounting firm audited the CBG in 2008, and the results of this audit were reported in the independent auditor's report dated December 31, 2008. As the CBG did not meet the criteria for a Single Audit Report, none was performed. 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 CBG. 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 a sample of invoices, payroll, and fringe benefits as of December 31, 2009. However, we did not test the reliability of the financial management system as a whole.

APPENDIX II – AUDITEE RESPONSE



CLEVELAND BOTANICAL GARDEN

October 20, 2010

To: Carol Taraszaka, Regional Audit Manager
From: Sara Stone, Director of Development
Re: Audit of grant 2008-JL-FX-0182

Several Cleveland Botanical Garden representatives have read the draft audit report for the grant referenced above. We are requesting that the following items receive additional consideration for inclusion or deletion:

1. Page 1, under background. Please add “non-profit” to CBG is a private educational organization
2. Page 4, Description of consultant/contract in budget: IT consultants account for a nominal percentage of the funds spent in this line item; please add salsa bottling, soil testing or some other indicator that expenses other than IT were incurred.
3. Page 5, program income. We were not asked to provide revenue figures for program income. The wording in the report implies that the Garden is at fault and we believe we were in compliance with what OJP required. Can this be re-worded?
4. Page 6, FSR report dates. According to our records, one report was submitted 11 days late and all others were submitted before the actual deadline. We have no record of a report submitted 40 days late. Our records indicate the following:

FSR Due date	FSR Submitted date
11/14/08	11/25/08
2/14/09	2/13/09
5/15/09	5/5/09
8/14/09	8/14/09
11/14/09	11/6/09
3/31/10	3/26/10

5. Page 7, The first progress report was due to the OJP on January 30, 2009. However, we were advised by OJP, and encouraged, to submit that report after the mandatory training attended by two Garden representatives in Washington DC. From January 26th – 28th. Although no formal extension could be extended, our Account Manager permitted us to submit the report even later due to severe weather conditions that kept our staff in D.C. for longer than anticipated. That report was submitted on February 24, 2009.
6. Page 10, please insert “non-profit” in the description of the Garden as a private educational organization.

Please contact me if you have any questions or need any further information.

11030 East Boulevard | Cleveland, OH 44106 | TEL: 216.721.1600 | FAX: 216.721.2056 | www.cb garden.org

APPENDIX III – OFFICE OF JUSTICE PROGRAMS RESPONSE



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

October 28, 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 Cleveland Botanical Garden, Cleveland, OH*

This memorandum is in response to your correspondence, dated September 30, 2010, transmitting the subject draft audit report for the Cleveland Botanical Garden (CBG). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **one** recommendation and **no** questioned costs. The following is the Office of Justice Programs' analysis of the draft audit report recommendation. For ease of review, the recommendation is restated in bold and is followed by our response.

We recommend that OJP require the CBG to submit corrected Federal Financial Reports, which should include any program income earned.

We agree with the recommendation. We will coordinate with CBG to obtain a revised, current Federal Financial Report for grant number 2008-JL-FX-0182, which will include program income, if any, earned on grant funds.

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

cc: Jeffrey W. Slowikowski
Acting Administrator
Office of Juvenile Justice and Delinquency Prevention

Marilyn Roberts
Deputy Administrator
Office of Juvenile Justice and Delinquency Prevention

Angela Parker
Program Manager
Office of Juvenile Justice and Delinquency Prevention

Richard P. Theis
Assistant Director
Audit Liaison Group
Justice Management Division

OJP Executive Secretariat
Control Number 20101954

APPENDIX IV – OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

We provided the Cleveland Botanical Garden (CBG) and the Office of Justice Programs (OJP) our draft audit report for review and comment. The response we received from the CGB 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 the recommendation.

Recommendation Number:

1. **Resolved.** OJP concurred with our recommendation that the CGB submit corrected financial reports, which should include any program income earned. This recommendation can be closed when we receive evidence that the CGB has submitted corrected financial reports to OJP.