



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY
PREVENTION AWARD TO
THE INSTITUTE FOR EDUCATIONAL LEADERSHIP,
WASHINGTON, D.C.**

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

Audit Report GR-30-14-001
March 2014

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION
AWARD TO THE INSTITUTE FOR EDUCATIONAL LEADERSHIP,
WASHINGTON, D.C.**

EXECUTIVE SUMMARY

In September 2012, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the Office of Justice Programs (OJP) awarded a \$1,538,000 grant to the Institute for Educational Leadership (IEL) to support its "Ready to Achieve Mentoring Program," or RAMP, in 10 sites across the United States. The RAMP initiative is a career-focused mentoring program for youth involved with or at risk of becoming involved with the juvenile justice system.

The objective of the audit was to determine whether costs claimed under grant number 2012-JU-FX-0014 were allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed grant performance in the following key areas and activities: (1) the IEL's internal control environment, (2) grant expenditures, (3) program performance and accomplishments, (4) drawdowns, (5) budget management and control, (6) reporting, and (7) contract management. Our audit found that the IEL generally complied with the award terms and conditions. However, we identified over \$7,000 in unsupported expenditures pertaining to consultant invoices that did not detail the number of hours or days the consultant worked on performed tasks. Therefore, we could not verify whether IEL ensured that the consultant was not paid more than \$450 per day, which grant conditions proscribe.

The IEL also used a small portion of grant funds to purchase store gift cards to reward program participants for accomplishing goals. Because gift cards involve converting grant funds into another instrument that is difficult to track and account for, we believe the IEL needs to strengthen its efforts to oversee and track all gift cards procured with grant funds.

Based on our audit results, we make one recommendation to address dollar-related findings and one recommendation to improve accountability over gift cards purchased with Department of Justice (DOJ) grants.

This Page Left Intentionally Blank

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Audit Approach	1
FINDINGS AND RECOMMENDATIONS	3
Internal Control Environment	3
Reporting	3
<i>Federal Financial Reports</i>	4
<i>Progress Reports</i>	4
Program Performance and Accomplishments	5
Drawdowns	5
Budget Management and Control	6
Grant Expenditures	6
<i>Personnel Costs</i>	7
<i>Other Tested Costs</i>	7
<i>Indirect Costs</i>	8
Contract Management	9
Recommendations	9
SCHEDULE OF DOLLAR-RELATED FINDINGS	10
APPENDIX I: OBJECTIVES, SCOPE, AND METHODOLOGY	11
APPENDIX II: INSTITUTE FOR EDUCATIONAL LEADERSHIP'S RESPONSE TO THE DRAFT REPORT	13
APPENDIX III: OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT REPORT	15
APPENDIX IV: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	18

This Page Left Intentionally Blank

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION
AWARD TO THE INSTITUTE FOR EDUCATIONAL LEADERSHIP,
WASHINGTON, D.C.**

INTRODUCTION

In September 2012, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the Office of Justice Programs (OJP) awarded a \$1,538,000 grant to the Institute for Educational Leadership (IEL) to support its “Ready to Achieve Mentoring Program,” or RAMP, in 10 sites across the United States. IEL is a non-profit organization based in Washington, D.C., that was established in 1964. One of IEL’s core principles is to lead and professionally develop mentors with the knowledge and skills needed to help youths succeed.

IEL’s RAMP initiative is a career-focused model that uses a combination of group, peer, and individualized mentoring plans focused on helping youth involved with or at risk of being involved with the juvenile justice system. As such, IEL reports the goals of the RAMP initiative are to reduce offense rates, increase secondary school completion rates, and enhance social and work readiness skills by mentoring participants to set personal and career goals, and identify concrete steps anchored in their day-to-day lives to help reach them.

Audit Approach

The objective of the audit was to determine whether costs claimed under grant number 2012-JU-FX-0014 were allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed grant performance in the following key areas and activities: (1) the IEL’s internal control environment, (2) grant expenditures, (3) program performance and accomplishments, (4) drawdowns, (5) budget management and control, (6) reporting, and (7) contract management. We tested compliance with what we considered the most important grant conditions. Unless otherwise stated in the report, we used the OJP Office of the Chief Financial Officer Financial Guide (Financial Guide) as our primary criterion to assess Institute for Educational Leadership’s performance and compliance with grant requirements.¹

We tested what we believed to be critical award requirements necessary to meet the objectives of the audit, including:

- **Internal Control Environment** to determine whether the internal controls IEL implemented for the processing and payment of funds adequately

¹ The Financial Guide serves as a reference manual that provides guidance to award recipients on their fiduciary responsibility to safeguard award funds and to ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the Financial Guide.

safeguard the grant funds and comply with the terms and conditions of the grant;

- **Reporting** to determine if IEL submitted the required federal financial reports and progress reports on time and whether such reports accurately reflected the activity of the grant activity;
- **Program Performance and Accomplishments** to determine whether the IEL achieved the grant's objectives and to assess performance and grant accomplishments;
- **Drawdowns** to determine whether IEL adequately supported drawdowns requested and managed its grant receipts in accordance with federal requirements;
- **Budget Management and Control** to ensure that IEL appropriately tracked costs to approved budget categories;
- **Grant Expenditures** to determine the accuracy and allowability of costs IEL allocated or charged to the grant; and
- **Contract Management** to ensure IEL complied with overall financial management requirements for contracts, as applicable.

The award did not include program income or matching funds. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix I contains additional information on our objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

We found the Institute for Educational Leadership (IEL) complied with essential grant conditions in the areas of reporting, drawdowns, budget management and control, program performance and accomplishments, and contract management. However, our audit found that the IEL should improve its oversight of gift cards purchased with grant funds. We also determined that IEL charged the audited grant \$7,000 in unsupported costs. Based on our audit results, we make one recommendation to address the dollar-related finding and another to improve IEL's internal controls over gift cards purchased with grant funds.

Internal Control Environment

According to the Financial Guide, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost controls to ensure optimal use of funds. Grant recipients must adequately safeguard funds and ensure they are used solely for authorized purposes. While our audit did not assess IEL's overall internal control framework, we did review the internal controls of its financial management system specific to the administration of grant funds during the period under review. Specifically, we interviewed pertinent IEL personnel, reviewed written policies and procedures that affect the OJP award, and reviewed the financial statement audit and single audit reports.²

We found that the independent auditor's assessment of the financial statement for fiscal year 2013 disclosed one internal control weakness related to enhancing the segregation of duties of IEL accounting and administrative staff. To address this finding, we found that the IEL has hired a part-time clerk to perform certain accounting duties, which we believe addresses the matter raised in the financial statement audit.

Reporting

The special conditions of the award require that the IEL comply with administrative and financial requirements outlined in both the Financial Guide and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (OMB Circular A-133). The Financial Guide requires that awardees submit both financial and program progress reports

² Non-federal entities that expend at least \$500,000 a year in federal awards must have a single audit conducted of its financial statements. 28 C.F.R. § 70 (2013). The purpose of the single audit is to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly in all material respects and in conformity with generally accepted accounting principles.

to inform awarding agencies on the status of each award. Federal Financial Reports (FFRs) should detail the actual expenditures the awardee incurred for each quarterly reporting period, while awardees should submit progress reports semiannually that describe the performance activities and achievements of the project supported by the grant.

Because accurate and timely FFRs and progress reports are necessary to ensure that OJP can effectively monitor award activities and expenditures, we reviewed IEL reports for grant number 2012-JU-FX-0014. As detailed in the following sections, the IEL submitted all required FFRs and progress reports in a timely manner and accurately reflected actual program accomplishments.

Federal Financial Reports

To verify the timeliness of the FFRs, we tested the last four reports submitted for the audited grant. We compared the submission date of each report to the date each report was due, and found that all FFRs were submitted on time.

With regard to the accuracy of the FFRs, the Financial Guide states that a grantee's general ledger must support all activity reported on the FFRs. We discussed the process the IEL used to prepare and submit FFRs with responsible officials and compared the amounts reported on the last four FFRs to expenditures recorded in the grantee's accounting records. Based on our testing, we concluded that the FFRs reconciled to the financial records.

Progress Reports

Progress reports are due 30 days after the end of each semiannual reporting period, which are June 30 and December 31. To assess whether the IEL submitted progress reports on time, we reviewed two progress reports covering the time period of October 1, 2012 through June 30, 2013 and compared the submission dates to the due date for each progress report. We found that both progress reports were submitted in a timely manner.

To determine if IEL's progress reports detailed achievements related to its program goals and objectives, we analyzed and compared the progress report for the period January 2013 through June 2013 to the program objectives. Based on our review, the IEL reported achievements related to its award program goals and objectives. To assess the accuracy of the progress reports, we selected a sample of 10 reported achievements for the period January 2013 through June 2013 and compared them to source documentation. Based on our review, we found that the progress reports accurately reflect the status of the RAMP project supported by the award.

Program Performance and Accomplishments

The IEL's goals for the RAMP initiative are to prevent and reduce juvenile delinquency and gang participation among at-risk youths, improve their academic performance, and reduce school dropout rates. To accomplish these goals, the IEL proposed to use the award to fund projects at 10 RAMP sites across the country with at-risk youths and their families that were focused on: (1) decreasing truancy, (2) decreasing instances of arrest and incarceration, (3) increasing social competencies and social support opportunities, and (4) guiding them through employment and post-secondary education processes. Each RAMP site is responsible for accomplishing key components of the program, while the IEL oversees the success of each project and provides technical assistance as needed.

To assess the IEL's progress on meeting grant goals and objectives, we reviewed the OJP award documents, IEL records, and interviewed IEL and sub-recipient RAMP program officials.³ In December 2013, we conducted a site visit to a sub-recipient and observed a RAMP weekly career-focused meeting led by a coordinator and youth leaders. During this meeting, program participants discussed their weekly goals and what they did to achieve them. We also observed two coordinators discuss with RAMP participants post-secondary education goals, paid internship opportunities, and types of work available to them after graduation. Based on the information we reviewed, the site visit, and status reports, we believe the IEL has carefully tracked the progress of site work and has provided the technical assistance, oversight, and support to ensure that its sites are on track to achieve approved grant objectives.

Drawdowns

To obtain Department of Justice (DOJ) award funds, award recipients must electronically request funds via drawdowns. The Financial Guide states that award recipients should only request federal award funds when they incur or anticipate project costs. Recipients should time their requests for award funds to ensure they will have only the minimum federal cash on hand required to pay actual or anticipated costs within 10 days.

According to IEL personnel, drawdown requests are based on reimbursements of expenses for salaries, fringe benefits, travel, and training. To ensure that the IEL requested funds properly and kept a minimum of federal cash on hand, we analyzed drawdowns the IEL requested within the scope of our review and compared the overall amount of these drawdowns to the IEL's general ledger. Overall, we found that the amount of funds the IEL drew down did not exceed the cost of expenditures listed in the accounting records.

³ Our assessment of grant performance occurred in November and December 2013. The performance period for the award ends on September 2015.

Budget Management and Control

The Financial Guide states that grantees should expend funds according to the budget approved by the awarding agency and included as part of the final award. Approved award budgets document how much the awarding agency authorized the recipient to spend in high-level budget categories, such as personnel, supplies, and contractors. The Financial Guide also states that award recipients may request OJP approval to modify previously approved award budgets to reallocate funds between different budget categories within the same award.⁴ We compared the actual amount the IEL spent in each budget category to the budgeted amounts in the same categories and found that the IEL adhered to the Financial Guide budget management requirements.

Grant Expenditures

According to 2 C.F.R. §230, *Cost Principles for Non-Profit Organizations*, costs are allowable if they are reasonable, consistently applied, adequately documented, comply with policies and procedures, and conform to any limitations or exclusions specified in applicable criteria. As of September 30, 2013, the IEL's general ledger reported \$468,654 in costs associated with grant 2012-JU-FX-0014. We sampled \$119,432 (25 percent) in expenses charged to the grant to ensure they were allowable, and identified \$7,000 in questioned costs.⁵ The following exhibit displays by type of sampled cost, the total value of the expenditures in each category, and the amount of questioned costs our testing identified.

SUMMARY OF GRANT COSTS

Type of Cost	Total General Ledger Costs (\$)	Total Costs Tested (\$)	Questioned Costs (\$)
Personnel	76,069	29,667	0
Fringe Benefits	18,235	7,161	0
Travel	24,418	10,700	0
Supplies	1,100	1,080	0
Contractual	292,925	52,133	7,000
Other Direct Costs	3,019	0	0
Indirect	52,888	18,691	0
TOTAL	\$468,654	\$119,432	\$7,000

Source: Institute for Educational Leadership's accounting records

⁴ No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount.

⁵ Questioned costs are expenditures that are not supported by adequate documentation at the time of the audit or otherwise do not comply with legal, regulatory, or contractual requirements. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

Personnel Costs

According to the Financial Guide, charges made to federal awards for salaries, wages, and fringe benefits should be based on payroll records approved by responsible officials and the charges must comport with the generally accepted practices of the organization. In particular, where grant recipients work on multiple grant programs or activities, a reasonable allocation of costs to each activity must be made based on time and effort reports, such as timesheets.

We reviewed the IEL's policies for timekeeping and charging grants the costs associated with salaries and benefits earned by its personnel. The IEL requires employees to sign and submit a monthly timesheet that details the time spent on each project or grant in increments of not less than one-half hour. Compensation is charged to the various projects or grants based on a pro rata share of actual hours worked. Supervisors must also review and approve each timesheet.

To determine if timesheets were properly authorized and resulting personnel costs were properly allocated to the grant, we judgmentally selected three months of timesheets to test.⁶ We examined timesheets and payroll distribution records, and recalculated salaries and fringe benefits allocated to the grant to ensure the IEL properly charged costs to the grant. We found that the sample transactions tested were accurately recorded, properly authorized, and adequately supported.

Other Tested Costs

We selected a judgmental sample of 24 transactions from the audited award totaling \$82,604 (including resulting indirect costs) to determine if the charges were included in the approved budget, allowable, and allocable to the DOJ award.

Consultant Costs

The grant's approved budget permitted the IEL to hire subject matter experts for technical assistance and program development. In October 2012, the IEL entered into a professional services contract with a career and disability services expert that had an amended value of \$12,000.⁷ In June and August 2013, the consultant submitted invoices to IEL for \$6,000 and \$1,000. We reviewed these two invoices and found they lacked sufficient detail regarding the work the consultant performed for each billing period. For example, while the June 2013 invoice was for six months of work, the invoice only listed specific work performed

⁶ The Institute for Educational Leadership allocates its payroll on a monthly basis. We selected the months of March 2013, June 2013, and August 2013 for our testing. Salaries and fringe benefits for these months totaled \$36,828.

⁷ The scope of work for this contract requires the contractor to: (1) provide technical assistance to sub-recipient sites, (2) help support and grow the program network, (3) perform other duties as assigned, and (4) develop a specific work-plan and perform under the guidance of IEL employees. In September 2013, IEL amended the contract to increase its value from \$9,000 to \$12,000.

on five days (June 11, 12, 17, 18 and 19). Other detail included on the invoice we found to be vague, such as "maintained email contact with IEL staff."

In addition, we note the invoices did not detail the number of days or hours the consultant worked on each task. The OJP Financial Guide limits consultant compensation to \$450 per day, or just over \$56 per hour. Because the invoices did not include the number of hours the consultant worked per day for tasks she performed, we could not verify whether the consultant exceeded the \$450 daily limit. Therefore, we consider the \$7,000 in consultant payments to be unsupported and recommend that OJP remedy \$7,000 in questioned costs.

Gift Cards

We found that IEL used a small portion of grant funds to purchase store gift cards to reward youth for accomplishing goals. Because gift cards involve converting grant funds into another instrument that is difficult to track and account for, purchasing store gift cards with grant funds, however allowable, represents an inherent risk. Grantees therefore need to carefully oversee and document how they and their sub-recipients use gift cards purchased with grant funds.⁸ In our judgment, IEL's efforts to oversee and track gift cards could be improved. For example, we found one instance where the IEL did not verify that their sub-recipient received 50 gift cards with a total value of \$650 it purchased for mentoring prizes. We recommend that the OJP ensure that the IEL implement strict controls that account for sub-recipient's use of gift cards purchased with grant funds.

Indirect Costs

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective such as a grant or contract. Examples of indirect costs include overhead and administrative expenses. According to the OJP Financial Guide, grantees need to establish and seek approval for an indirect cost rate with their cognizant federal agency to receive reimbursement for indirect expenses. In February 2011, the U.S. Department of Health and Human Services approved a 24.4 percent indirect cost rate for IEL beginning July 1, 2012.⁹ The IEL charged its indirect cost rate to salaries and travel costs incurred by the grant. As of September 2013, IEL had recorded \$52,888 of indirect costs allocated to the audited grant in its general ledger, which represented 32 percent of the total approved indirect cost budget of

⁸ The OIG has identified serious concerns with regard to how other recipients of grant funds track and handle gift cards. See U.S. Department of Justice Office of the Inspector General, *Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to Philadelphia Safety Net, Philadelphia, Pennsylvania*, Audit Report GR-70-14-001 (January 2014), 15.

⁹ The IEL applied its approved indirect rate to all direct costs except for contractual services, which was allocated at 8 percent.

\$164,788. Based on our review of IEL records, we conclude that the indirect costs IEL charged to the grant were appropriately calculated and applied to the grant.

Contract Management

The IEL awarded a total of 11 contracts under the audited grant, 10 of which provided \$50,000 to each RAMP initiative sub-recipient sites. The IEL awarded one additional contract, valued at \$12,000, for consulting services.¹⁰ Sub-recipients are required to submit a monthly request for payment showing RAMP related expenditures at the end of each month. We found that each sub-recipient site support contract requires each sub-recipient to spend grant funds under an approved budget.

The IEL conducts an annual site visit to each sub-recipient to monitor the programmatic and fiscal aspects of the grant. As discussed previously, in December 2013, we conducted a site visit to a sub-recipient in part to gain the assurance that the sub-recipient maintained adequate controls over the funds they received. We interviewed the sub-recipient coordinator and finance personnel and reviewed the supporting documents for three site reimbursements that we had previously selected for testing and found the costs supported and allowable.

Recommendations

We recommend that OJP:

1. Remedy \$7,000 in unsupported consultant costs.
2. Ensure that IEL implement strict controls that account for sub-recipient's use of gift cards purchased with grant funds.

¹⁰ The Grant Expenditures section of this report details the results of our testing of the allowability of costs incurred under these contracts.

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT (\$)	PAGE
<u>QUESTIONED COSTS</u>		
<u>Unsupported Costs</u>		
Invoiced consultant costs lacking required detail	7,000	8
Total Unsupported Costs	7,000	
<u>TOTAL QUESTIONED COSTS</u>	<u>7,000</u>	

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether costs claimed under grant number 2012-JU-FX-0014 were allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed grant performance in the following key areas and activities: (1) the IEL's internal control environment, (2) grant expenditures, (3) program performance and accomplishments, (4) drawdowns, (5) budget management and control, (6) reporting, and (7) contract management. We also assessed IEL's program performance in meeting the grant objectives and overall accomplishments. We determined that program income and matching costs were not applicable to this grant.

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.

Our audit focused on activities funded by the \$1,538,000 Office of Justice Programs (OJP) grant (grant number 2012-JU-FX-0014) awarded to IEL's Center for Workforce Development to operate its Ready to Achieve Program (RAMP). Unless otherwise noted, the scope of our review included OJP funded activity from the inception of the subject award in October 2012 to September 2013. To accomplish the objectives of the audit, we interviewed IEL personnel responsible for overseeing program performance, monitoring sub-recipient activity, and compiling and approving financial and progress reports. We examined IEL grant records, timesheets, contracts and other documents supporting activity funded by the subject grant. We also considered the internal controls the IEL had established and used to guide the requesting, approving, and recording of grant-related expenses during the scope of our review. We did not assess the overall reliability of IEL's financial management system or internal controls of that system.

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 Office of the Chief Financial Officer's Financial Guide and the awarding documents such as the OJP-approved grant narrative and budget. In addition, we assessed the timeliness and accuracy of financial and progress reports submitted by the IEL and evaluated grant performance in relation to the grant objectives. We performed sample testing in the following areas:

- **Reporting.** To determine whether the required Federal Financial Reports and Progress Reports were submitted in a timely manner and accurately reflect award activity.

- **Program Performance and Accomplishments.** To determine whether IEL met the award goals and objectives.
- **Drawdowns.** We analyzed IEL's overall drawdowns of \$468,654 for the Department of Justice (DOJ) award from the inception of the award through September 30, 2013. IEL provided documentation supporting the drawdown requests.
- **Payroll Costs.** We judgmentally selected March, June, and August 2013 pay periods to test and we determined whether personnel costs were computed correctly, properly authorized, accurately recorded, and properly allocated. We also analyzed the fringe benefits costs to ensure the charges were consistent with the approved budgeted amounts.
- **Other Expenditures.** To test the IEL's transactions for authorizations, vouchers, and supporting documentation, we judgmentally selected 24 non-payroll transactions totaling \$82,604. We analyzed the transactions to determine if the costs were properly authorized, classified, recorded, supported, and charged to the grant.

We employed such judgmental sampling designs to obtain a broad exposure to numerous facets of the grant reviewed, such as high-dollar amounts or expenditure category based on the approved grant budget. We judgmentally selected a sample of 30 transactions from a universe of 130. This non-statistical sample design does not allow for the projection of the test results to the universe from which we selected our sample.

We did not test internal controls for the IEL taken as a whole or specifically for the grant program administered by OJP. An independent public accounting firm conducted an audit of IEL's financial statements. The results of this audit were included in the Single Audit Report that accompanied the Independent Auditors' Report for the last three years. 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 non-compliance issues related to the IEL and assessed the risks of those findings in our audit. We found that the independent auditor's assessment for fiscal year 2013 disclosed one internal control weakness related to enhancing the segregation of duties of IEL accounting and administrative staff. To address this finding, we found that the IEL has hired a part-time clerk to perform certain accounting duties, which we believe has addressed the matter raised in the financial statement audit.

Throughout our review, we relied on computer-generated data contained in IEL's financial management system and OJP's Grants Management System (GMS). We did not establish the reliability of the data contained in either IEL's financial management system or GMS as a whole. However, when the data we relied upon is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

INSTITUTE FOR EDUCATIONAL LEADERSHIP'S RESPONSE TO THE DRAFT REPORT



March 17, 2014

Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1300 North 17th Street, Suite 3400
Arlington, VA 22209
VIA: U.S. Mail and Electronic Mail at: troy.meyer@usdoj.gov

Dear Mr. Meyer:


The Institute for Educational Leadership (IEL) is in receipt of the draft audit report issued February 27, 2014 from the U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Washington Regional Audit Office. IEL appreciates the time and professionalism of the audit team and has now thoroughly reviewed the draft audit report for the Ready to Achieve Mentoring Program (RAMP) which is being implemented by IEL at 10 sites under a grant from the Office of Juvenile Justice and Delinquency Prevention (OJJDP) of the Office of Justice Programs (OJP). For the most part, IEL found the draft audit report to be fair and accurate and the two recommendations to be reasonable and easily addressed. IEL will respond separately to each recommendation below. In addition, IEL found a small typo on page 9 of the report in the second paragraph under "Contract Management" where the year of the site visit is incorrectly cited as 2012 instead of 2013. Otherwise, IEL found the review of our internal control environment, reporting, program performance and accomplishments, drawdowns, budget management and control, grant expenditures and contract management to be quite effective and appreciates the overwhelmingly positive feedback on IEL's monitoring procedures and RAMP program activities. Below are our specific responses to the two recommendations from the OIG audit team:

1. Remedy \$7,000 in unsupported consultant costs: IEL concurs with this recommendation. Although many of the consultant's activities were done in conjunction with IEL staff (emails, site visits, monthly conference calls, annual meeting, and technical assistance to sites) such that IEL staff did confirm that work was completed, IEL recognizes that the invoices previously submitted by this consultant did not detail this work or list the actual hours in which it was completed. IEL agrees that due to the insufficient detail of these previous invoices, it would be difficult for someone unfamiliar with the consultant's work to ascertain the hours worked or that the rate paid was less than the \$450 per day OJP limit. IEL has since requested detailed invoices from the consultant for the time periods in question which list each task completed and the time spent. These updated and more detailed invoices (Attachment 1: Detailed Consultant Invoices) clarify that the daily rate paid to the consultant was \$322 for the 6 month period and only \$238 for the one month invoice in question (both well under the \$450 limit). In the future, IEL will request this type of detailed invoice from all consultants regardless of staff's familiarity with the work completed.
2. Ensure that IEL implement strict controls that account for sub-recipient's use of gift cards purchased with grant funds: IEL concurs in part with this recommendation. The audit report



stated “Grantees need to carefully oversee and document how they and their sub-recipients use gift cards purchased with grant funds” and then cites as an example “one instance where IEL did not verify that their sub-recipient received 50 gift cards with a total value of \$650 purchased for mentoring prizes.” Due to the high incidence of gift card usage among RAMP sites (many youth do not have bank accounts and cash is even harder to track), IEL has a specific section about gift cards in the RAMP financial guidelines (Attachment 2: RAMP Financial Guidelines). These guidelines state in part, “When distributing gift cards for mentee incentives or mentor stipends, it is a requirement that you document who received the gift card, when they received it, and why. Creating an Excel spreadsheet for tracking distribution is highly recommended. Also, a gift card recipient must sign and date a form acknowledging receipt of said gift card upon receipt. This documentation should be kept on site.” IEL has verified that gift cards are being tracked and signed for at all sites as part of its annual site visit procedure. In the example cited by the auditors, IEL purchased gift cards for one RAMP site which is unable to purchase gift cards in a timely or efficient fashion under their county purchasing structure. As part of its technical assistance, IEL purchases gift cards for this site and subtracts it from the site’s appropriate budget line. These cards are mailed directly to the site which then tracks the gift cards according to IEL guidelines in a similar manner as all the other sites (see attached site tracking sheet for \$650 – Attachment 3: RAMP Site Gift Card Tracking Sheets). In this instance, the site’s tracking sheet even shows the date the gift cards were received from IEL. The gift card amounts and dates received match with IEL’s purchasing documentation. As this is the only site that IEL purchases gift cards for, IEL did not establish a formal process for confirming that cards ordered were actually received by the site. Most of the time, the site coordinator would confirm by email or phone that the cards were received. IEL concurs that the gift card shipping process for the one RAMP site which receives them could be better documented. IEL has developed a system through which all future gift card purchases for this site will be tracked so that IEL can confirm receipt in a consistent and timely manner (Attachment 4: IEL Confirmation of Gift Card Purchase & Receipt). From this date forward, IEL will track the date and amount of each purchase, as well as the date of receipt by the site, and then save a copy of the receipt confirmation.

As stated above, IEL was very pleased with the thoroughness, responsiveness, and fairness of this entire audit process. We appreciate the two recommendations above which will make IEL even more financially sound as we move forward. IEL would like to especially commend your audit team, Elisa Lee, Juan Figueroa, and John Manning, for their professionalism and helpful explanations during what can often be quite a nerve-racking process for both sides. Please let us know if we need to provide any additional documentation or information.

Sincerely,

Martin L. Blank, President
Institute for Educational Leadership

4301 Connecticut Avenue, NW, Suite 100, Washington, DC 20008 • 202-822-8405 • www.iel.org

OFFICE OF JUSTICE PROGRAMS RESPONSE
TO THE DRAFT REPORT



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 20 2014

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

FROM: 
LeToya A. Johnson
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Award to the Institute for Educational Leadership*

This memorandum is in reference to your correspondence, dated February 27, 2014, transmitting the above-referenced draft audit report for the Institute for Educational Leadership (IEL). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **\$7,000** 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 remedy \$7,000 in unsupported consultant costs.**

OJP agrees with the recommendation. We will coordinate with IEL to obtain documentation to support the \$7,000 in consultant costs. If adequate documentation cannot be provided, IEL will be required to return the funds to the U.S. Department of Justice.

2. **We recommend that OJP ensure that IEL implement strict controls that account for sub-recipient's use of gift cards purchased with grant funds.**

OJP agrees with the recommendation. We will coordinate with IEL to obtain a copy of policies and procedures developed and implemented to strengthen controls over the purchase and use of gift cards, which were acquired by its sub-recipients with Federal 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

Robert L. Listenbee
Administrator
Office of Juvenile Justice and Delinquency Prevention

Cheryl Jones
Deputy Administrator
Office of Juvenile Justice and Delinquency Prevention

Amy Callaghan
Special Assistant
Office of Juvenile Justice and Delinquency Prevention

Kerri Strug
Juvenile Justice Specialist
Office of Juvenile Justice and Delinquency Prevention

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Lucy Mungle
Manager, Evaluation and Oversight Division
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

cc: OJP Executive Secretariat
Control Number IT20140228094920

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Institute for Educational Leadership (IEL). The OJP response is incorporated in Appendix III and the IEL response is incorporated in Appendix II of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation:

1. Remedy \$7,000 in unsupported consultant costs.

Closed. This recommendation is closed. The OJP concurred with the recommendation and the IEL provided detailed invoices that list the specific contract services completed and the number of hours per day spent on these services.

We reviewed this documentation and determined it adequately addressed our recommendation.

2. Ensure that IEL implement strict controls that account for sub-recipient's use of gift cards purchased with grant funds.

Closed. This recommendation is closed. The OJP concurred with the recommendation and the IEL provided the tracking sheet maintained by the sub-recipient which includes the date they received the gift cards. The IEL also maintains confirmation emails from the sub-recipient documenting the receipt of the gift cards purchased since January 2014 to corroborate with the tracking sheet.

We reviewed this documentation and determined it adequately addressed our recommendation.