



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



Audit of the Office of Community Oriented Policing Services Grants and Office of Justice Programs Subgrants Awarded to the Mississippi Bureau of Narcotics

AUDIT OF THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES GRANTS AND OFFICE OF JUSTICE PROGRAMS SUBGRANTS AWARDED TO THE MISSISSIPPI BUREAU OF NARCOTICS

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed a follow-up audit of the Methamphetamine Initiative Grants awarded by the Office of Community Oriented Policing Services (COPS) to the Mississippi Bureau of Narcotics (MBN). In December 2005, the OIG completed an audit of the MBN's performance under COPS' Methamphetamine Grants awarded to the MBN to assist state and local law enforcement agencies in reducing the production, distribution, and use of methamphetamine.¹ Our 2005 audit found the MBN to be in material non-compliance with the terms and conditions of the COPS Methamphetamine Initiative grant guidelines. The MBN's grant drawdowns could not be reconciled to the financial system reports or accounting records. As a result of the non-compliance, the OIG questioned \$1,968,775 in grant payments received by the MBN and recommended an additional \$98,127 in funds put to better use.

To evaluate the actions taken by the MBN to address the recommendations from our 2005 audit, we performed this follow-up audit on the MBN's management of the 2008 and 2009 COPS' Methamphetamine grants awarded to the MBN since our original audit.

We also audited the Office of Justice Programs (OJP), Bureau of Justice Assistance American Recovery and Reinvestment Act (Recovery Act) subgrants awarded to the MBN.²

The MBN's Actions to Implement Our 2005 Recommendations

We found that the MBN took corrective actions on the recommendations from the 2005 audit but did not ensure that those corrective actions were fully implemented.

- The MBN provided documentation we deemed sufficient to remedy the remainder of the questioned costs identified during the OIG's 2005 audit and we will close the recommendation.
- The MBN formed a "grant committee" to improve the flow of information between the grant administrator and the Fiscal Department to ensure that accounting procedures provided accurate financial reports.

¹ U.S. Department of Justice Office of the Inspector General, *Office of Community Oriented Policing Services Methamphetamine Grants Awarded to the Mississippi Bureau of Narcotics, Jackson, Mississippi*, Audit Report GR-40-06-001 (December 2005).

² The Mississippi Division of Public Safety Planning received Recovery Act Grant Number 2009-SU-B9-0035. This division made three subgrant awards to the MBN totaling \$3,830,154.

- The MBN grant administrator maintained documentation for each grant to support reimbursement requests and tracked grant expenditures by approved budget categories.

The MBN's corrective actions were not fully effective in improving the deficiencies reported in the prior audit. The corrective actions did not improve accounting procedures so that the financial systems accurately reflected grant expenditures. As a result, we identified \$8,762 in grant expenditures of which \$1,140 was unallowable overtime costs and \$7,622 was unsupported personnel and travel costs. We found that deficiencies similar to those identified in our previous audit still existed in the areas of grant drawdowns and financial reporting.

Specifically, we found the MBN:

- did not accurately account for grant expenditures in its financial system;
- did not use the financial system when preparing drawdown requests;
- was reimbursed \$8,762 in unallowable and unsupported costs; and
- did not use the financial system to prepare the financial reports.

Our report includes 12 recommendations which are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix 1 of the report.

We discussed the results of our audit with MBN officials and have included their comments in the report, as applicable.

**AUDIT OF THE OFFICE OF COMMUNITY ORIENTED
POLICING SERVICES GRANTS AND OFFICE OF JUSTICE
PROGRAMS SUBGRANTS AWARDED TO THE MISSISSIPPI
BUREAU OF NARCOTICS**

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AUDIT OF THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES GRANTS AND OFFICE OF JUSTICE PROGRAMS SUBGRANTS AWARDED TO THE MISSISSIPPI BUREAU OF NARCOTICS

INTRODUCTION

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed a follow-up audit of the Methamphetamine Initiative Grants awarded by the Office of Community Oriented Policing Services (COPS) to the Mississippi Bureau of Narcotics (MBN), which is a component of the Mississippi Department of Public Safety. In December 2005, the OIG completed an audit of the MBN's performance under COPS' Methamphetamine Grants awarded to the MBN to assist state and local law enforcement agencies in reducing the production, distribution, and use of methamphetamine.³ Our 2005 audit found the MBN to be in material non-compliance with the terms and conditions of the COPS Methamphetamine Initiative grant guidelines. The MBN's grant drawdowns could not be reconciled with financial system reports or accounting records. As a result of the non-compliance, the OIG questioned \$1,968,775 in grant payments received by the MBN and recommended an additional \$98,127 in funds put to better use.

To evaluate the actions taken by the MBN to address the recommendations from our 2005 audit, we reviewed and performed tests of the MBN's management of the 2008 and 2009 COPS' Methamphetamine grants awarded to the MBN after our original audit.

We also audited the Office of Justice Programs (OJP), Bureau of Justice Assistance, American Recovery and Reinvestment Act (Recovery Act) subgrants awarded to the MBN.⁴

As shown in Exhibit 1, since 2007, the MBN was awarded over \$7.2 million to implement these grant programs.

³ U.S. Department of Justice Office of the Inspector General, *Office of Community Oriented Policing Services Methamphetamine Grants Awarded to the Mississippi Bureau of Narcotics, Jackson, Mississippi*, Audit Report GR-40-06-001 (December 2005).

⁴ The Mississippi Division of Public Safety Planning received JAG Recovery Act Grant Number 2009-SU-B9-0035. This division made three subgrant awards to the MBN totaling \$3,830,154.

**EXHIBIT 1: GRANTS AWARDED TO THE
MISSISSIPPI BUREAU OF NARCOTICS**

GRANT NUMBER	PROGRAMS	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2008-CK-WX-0882	COPS Meth	12/26/2007	12/25/2012	\$1,870,600
2009-CK-WX-0333	COPS Meth	03/11/2009	03/31/2013	\$1,500,000
2009-SU-B9-0035	JAG (Recovery Act)	03/01/2009	02/28/2013	
Subgrant 09YI4051		01/01/2010	12/31/2010	\$459,668
Subgrant 09YI4052		04/01/2011	06/30/2013	\$921,510
Subgrant 09ZJ4051		11/01/2010	07/31/2012	\$2,448,976
TOTAL				\$7,200,754

Source: COPS and OJP

Background

The overall purpose of the COPS Methamphetamine Initiative grants is to assist state and local law enforcement agencies in reducing the production, distribution, and use of methamphetamine. Grant funds are used for the payment of salaries, overtime, and fringe benefits for sworn law enforcement officers; equipment and technology; training sessions; and travel. The COPS Office reports that since 1998 it has invested nearly \$500 million nationwide to combat the spread of methamphetamine.

In February 2009, Congress passed the Recovery Act to help create jobs, stimulate the economy and investment in long-term growth, and foster accountability and transparency in government spending. The Recovery Act provided \$787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act funds were required to report quarterly to FederalReporting.gov on how they spent Recovery Act funds and the number of jobs created or saved. The Department of Justice received nearly \$4 billion in Recovery Act funds and made \$3.7 billion of that funding available through the COPS and JAG Programs.

The MBN, headquartered in Byram, Mississippi, enforces the state's Uniform Controlled Substances Law by confiscating drugs and arresting drug suspects for prosecution under state and federal laws. The MBN's objectives for the use of COPS Methamphetamine grant funds were to: (1) reduce the availability of methamphetamine in Mississippi, (2) enhance coordination and cooperation among law enforcement agencies within the state, and (3) continue the Drug Endangered Children's Program (DEC).⁵

⁵ The Drug Endangered Children's Program identifies and protects children that have been exposed to the hazards of illegal drug use and drug manufacturing.

The MBN's objectives for the use of Recovery Act grant funds were to: (1) hire five new law enforcement personnel, (2) utilize these new personnel to assist in reducing the availability of drugs in the state, and (3) enhance coordination and cooperation among law enforcement agencies within the state.

Prior OIG Audit

In 2005, the OIG completed an audit of the 2001 through 2003 COPS Methamphetamine Initiative grants awarded to the MBN to: (1) reduce the availability of methamphetamine and enhance coordination and cooperation among law enforcement agencies; (2) launch a DEC Program; (3) develop protocols for the DEC Program and increase focus on identification and investigation of methamphetamine trafficking organizations; and (4) provide recognition training for police, fire fighters, educators, prosecutors, judges, and others in methamphetamine awareness, identification, and enforcement.

We found material non-compliance with the terms and conditions of the COPS Methamphetamine Initiative grant guidelines. Specifically, we found the MBN's grant drawdowns could not be reconciled with financial system reports or accounting records. The OIG also found additional deficiencies in the areas of budget management and control, grant expenditures, and reporting. The MBN did not adequately or accurately account for the disbursement of grant funds, was reimbursed over \$1.96 million in unsupported questioned costs for grant drawdowns, could not support financial status reports, and was awarded \$98,127 more in grant funds than it needed to implement its methamphetamine program.

Our 2005 audit report contained 13 recommendations pertaining to the questioned costs, funds put to better use, and various management improvements required.

Audit Approach

The objectives of the audit were to determine if the corrective actions implemented improved the MBN's oversight of Department of Justice grants and to determine whether the MBN complied with essential grant conditions pertaining to: (1) internal control; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial, progress, and Recovery Act reports; (9) program performance and accomplishments; and (10) monitoring of subgrantees and contractors.

We reviewed the MBN's corrective actions of the prior audit findings and also tested compliance with what we consider to be the most important conditions of the subsequent grant awards. Unless otherwise stated in the report, the criteria we audit against are contained in the grant award documents, Office of Community Oriented Policing Services Methamphetamine Initiative Grant Owner's Manual, Office of Justice Programs Financial Guide, Code of Federal Regulations, Office of Management and Budget and the Recovery Act. We tested the MBN's:

- **internal controls** – to identify plans, policies, methods, and procedures designed to ensure the MBN and the grant programs met fiscal and programmatic requirements and the goals and objectives of the grants;
- **budget management and control** – to examine the amounts budgeted and the actual costs for each approved cost category and determine if the grantee deviated from the approved budget, and if so, if the grantee received the necessary approval;
- **grant drawdowns** – to determine whether grant drawdowns were adequately supported and if the MBN managed grant receipts in accordance with federal requirements;
- **grant expenditures** – to determine the accuracy and allowability of costs charged to the grants;
- **property management** – to determine if property items acquired with grant funds are tracked in a system of property records, adequately protected from loss, and used for grant purposes;
- **federal financial reports (FFRs) and progress reports** – to determine whether the required reports were submitted on time and accurately reflect grant activity;
- **Recovery Act reporting** – to determine whether the required reports were submitted on time and accurately reflected spending and job data to FederalReporting.gov; and
- **program performance and accomplishments** – to determine if the grantee met or is capable of meeting the grant’s objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives.

We performed a 100 percent review of drawdowns and sample testing in the areas of grant expenditures, property management, and grant goals and accomplishments. In addition, we reviewed the internal controls for the financial management system, the timeliness, and accuracy of financial, progress, and Recovery Act reports, and evaluated progress toward grant goals and accomplishments. We also performed limited work and confirmed the grantee did not generate or receive program income, was not required to contribute any local matching funds, and that funds were not awarded to contractors or subrecipients. Additional details about our objectives, scope, and methodology are included in Appendix 1.

FINDINGS AND RECOMMENDATIONS

The MBN took corrective actions to implement the recommendations from our 2005 audit. The MBN established controls to improve the flow of information between the grant administrator and the Fiscal Department to ensure that drawdown requests included allowable costs. However, the corrective actions were not fully effective in improving the deficiencies reported in the initial audit. We found the corrective actions did not result in revised accounting procedures sufficient to ensure the financial system accurately reflected grant expenditures. The financial system did not always include corrections made to grant expenditures and did not accurately reflect actual grant expenditures. As a result, we identified \$8,762 in grant expenditures of which \$1,140 was unallowable overtime and \$7,622 was unsupported personnel and travel costs. We determined similar deficiencies identified in our previous audit still existed in the areas of grant drawdowns and financial reporting.

The MBN's Actions to Implement the Recommendations from Our 2005 Audit and the Effectiveness of Those Actions

In 2005 the OIG made 13 recommendations to the MBN to: (1) remedy \$1,968,775 in questioned costs for unsupported grant drawdowns; (2) remedy \$755,471 in questioned costs for unallowable and unsupported personnel positions, payroll, overtime, and direct cost expenditures; (3) deobligate \$98,127 in unexpended grant funds; and (4) address grant management weaknesses for the accounting of the disbursement of grant funds, accountable property, and the accuracy and timeliness for financial and progress reports.

In the following sections, we discuss the MBN's actions to address the 2005 audit recommendations and the effectiveness of those actions.

Actions to Ensure Accounting Procedures Adequately and Accurately Account for the Disbursement of Grant Funds

Our 2005 audit found the MBN's financial system and procedures did not accurately account for grant expenditures. The financial systems did not include all itemized grant expenditures. In addition, grant-related supporting documentation was incorrectly entered into the system. The financial system reports included duplicate data entries, and were not reconciled. The OIG recommended the MBN to revise its accounting procedures to account accurately for the disbursement of grant funds.

In response to the OIG recommendation, the MBN formed a “grant committee” to improve the flow of information between the grant administrator and the Fiscal Department to ensure that accounting procedures were followed so that financial reports accurately reflected grant expenditures.

During the current audit, we found that the grant committee made efforts to ensure grant expenditures are allowable, accurately allocated, and drawn down from the correct grant. The grant administrator also maintains grant expenditure documentation and tracks expenditures by grant budget category. The implementation of the grant committee improved the effectiveness of the accounting procedures for the review and approval of grant expenditures. However, the MBN had not revised accounting procedures to ensure the financial system accurately reflected grant expenditures. We determined significant weaknesses continue to exist in the areas of Drawdowns and Grant Reporting. The details are discussed in those sections of this report.

Actions to Remedy Questioned Cost from the OIG’s 2005 Audit

Unsupported Grant Drawdowns

During the 2005 audit, we determined that the MBN did not maintain proper accounting records necessary to reconcile grant drawdowns totaling \$1,968,775. As a result, we questioned the drawdowns as unsupported costs. During the audit corrective action process, we requested supporting documentation. After 6 years of corrective action correspondence, the MBN randomly selected and provided supporting documentation for a drawdown valued at \$7,725. However, we determined that corrective action for this recommendation could best be evaluated through our direct review of the MBN’s records.

For the current audit, we tested 100 percent of the MBN’s drawdowns, totaling \$2,606,577, received for COPS Grant Numbers 2001-CK-WX-0172, 2002-CK-WX-0216, 2003-CK-WX-0089, and 2003-CK-WX-0346. We compared the OJP Payment History for each grant to the MBN’s drawdown supporting documentation.⁶ Exhibit 2 identifies the results of our verification.

⁶ During the current audit, the MBN maintained a “drawdown” folder for each grant reimbursement request. The folder contained a list of expenditures to be reimbursed and the supporting documentation (such as purchase order, invoice, or voucher) for the expenditure. The drawdown amount was based on the total for the list of expenditures.

**EXHIBIT 2: ANALYSIS OF GRANT DRAWDOWNS
AND SUPPORTING DOCUMENTATION**

GRANT NUMBER	OJP PAYMENT TOTAL	DRAWDOWN SUPPORT TOTAL	UNSUPPORTED COSTS	COSTS NOT CHARGED TO THE GRANT
2001-CK-WX-0172	\$994,883	\$994,883	\$0	\$91
2002-CK-WX-0216	616,871	616,871	0	22,562
2003-CK-WX-0089	744,823	744,823	40	0
2003-CK-WX-0346	250,000	250,000	0	59,693
TOTAL	\$2,606,577	\$2,606,577	\$40	\$82,346

Source: OJP Payment Histories and the MBN Drawdown Folders

As shown in Exhibit 2, the MBN received drawdowns totaling \$2,606,577 for the four grants reviewed during our previous audit. Our current audit found \$40 was not supported and a total of \$82,346 was drawn down for one grant but incorrectly charged to another grant in the financial system. The MBN officials told us this resulted from data entry errors and corrections could not be made because the grant accounts were closed. The MBN's drawdown folders generally supported drawdown requests. However, the drawdown folders were not reconciled to the financial system. We take no exception to the \$40 in unsupported costs because of the minimal dollar amount. Regarding the \$82,346 charged to the incorrect grant, we do not make a dollar-related recommendation regarding these costs because the costs were supported and adjusting the charges in the financial system is not now possible. However, we recommend that the MBN reconcile the drawdown folders to the financial system reports prior to preparing drawdown requests. The reconciliation process would ensure that drawdowns are accurate and supported in the financial system. Because the MBN can now support its total drawdowns from the four grants, we are closing the related recommendation from our 2005 report.

Unallowable and Unsupported Personnel and Direct Costs

Our 2005 audit included three recommendations to remedy unallowable (\$35,607), unsupported personnel (\$320,689), and overtime (\$397,957) costs for Grant Numbers 2001-CK-WX-0172, 2002-CK-WX-0216, and 2003-CK-WX-0089. These recommendations were closed in 2010 and 2011 based on supporting documentation the MBN provided at that time.

The 2005 audit also included two recommendations to remedy \$1,218 in unallowable and unsupported questioned costs for the purchase of equipment and unauthorized travel for Grant Number 2002-CK-WX-0216. These recommendations were closed in 2006 based on supporting documentation the MBN provided at that time.

The MBN established the grant committee to enhance communication between the grant administrator and the Fiscal Department. The committee sought to ensure that accounting procedures led to accurate recording of grant funds.

During our current audit, we identified some weaknesses in the committee's efforts, and those weaknesses are discussed in the Drawdowns and Grant Expenditures sections of this report.

Funds to be Deobligated

Our 2005 audit included three recommendations to deobligate \$98,127 in unexpended grant funds for Grant Numbers 2001-CK-WX-0172, 2002-CK-WX-0216, and 2003-CK-WX-0089. The 2001 grant was closed in 2005 when COPS deobligated \$2,916 in unexpended grant funds. For the 2002 and 2003 grants, as an alternative corrective action, the MBN provided documentation that the funds were appropriately used after our prior audit. These two recommendations from the 2005 audit were closed in 2010. During the current audit, we noted that the grant administrator tracks grant expenditures by budget category, which allows for better control of grant funds. The grant administrator routinely reconciles grant expenditures to budget categories and monitors the budget categories to ensure grant funds are utilized properly. However, we identified a weakness with this practice. The grant administrator did not communicate grant committee corrections to the Fiscal Department to reconcile the financial system.

Actions to Ensure Accurately Recorded Accountable Property

Our 2005 audit identified property that was miscoded and assigned to the wrong grants. The previously discussed grant committee worked to ensure proper control over accountable property. The grant committee now reviews, approves, and verifies the grant number for each purchased item. Upon receipt of each item, the Property Office enters the grant-funded equipment into the inventory system and refers to the requisition to record the grant number in the inventory system.

Actions to Ensure Grant Reports are Accurate and Timely

Financial Status Reports (FSRs)⁷

Our 2005 audit noted that the financial status reports (FSRs) were submitted timely, but we could not determine if the reports accurately reflected grant activity. This occurred because of problems with the MBN's accounting procedures, financial system, and records maintenance practices. As a corrective action, the MBN implemented the use of the grant drawdown folders to support reported financial activity. However, during the current audit, we identified continuing concerns regarding the accuracy of financial reports. The details are discussed further in the Grant Reports section of this report.

⁷ Prior to October 2009, the MBN was required to submit quarterly FSRs.

Program Progress Reports

Our 2005 audit noted that the MBN had not submitted the required program progress reports to COPS. This recommendation from the 2005 audit was closed in July 2006 based on our review of documentation supporting the MBN's compliance and program progress reports.

Internal Controls

We reviewed the MBN's financial management system, policies and procedures, and Single Audit Reports to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed management and staff from the organization, performed payroll and fringe benefit testing, and reviewed financial and performance reporting activities to further assess risk.

Financial Management System

According to the COPS Grant Owner's Manual and OJP 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. Award recipients must adequately safeguard funds and assure they are used solely for authorized purposes.

The MBN utilized two operating systems maintained by the State of Mississippi for financial and personnel recordkeeping. These are the Statewide Automated Accounting System (SAAS) and the Statewide Payroll and Human Resource System (SPAHRs). Our audit did not assess the reliability of the financial and personnel systems. We did review the systems' internal controls specific to the administration of grant funds.

We conducted a limited review of the MBN's financial systems, which included interviewing personnel and observing accounting activities and processes. The systems' internal controls provided for the separation of duties of personnel through the use of passwords to access different levels of the financial systems. The financial system reflected expenditures for each grant fund separately. We determined that the MBN assigned each grant a separate fund code to track and segregate all financial data within the financial system. However, accounting records maintained by the grant administrator did not accurately reflect the grant expenditures recorded in the financial system. This occurred because adjustments made to expenditure documentation were not forwarded to the Fiscal Department for reconciliation to the financial system. This is discussed further in the Budget Management and Control, Drawdowns, Grant Expenditures, and Grant Reports sections.

Recovery Act Planning

We reviewed the MBN's plan for the receipt and use of Recovery Act grant funds. The MBN received subgrant awards from the Mississippi Division of Public Safety Planning (MDPSP) for a Bureau of Justice Assistance (BJA), Recovery Act Edward Byrne Memorial, Justice Assistance Grant (JAG). The MBN established internal controls for Recovery Act reporting. The MBN grant administrator prepared and submitted progress and Recovery Act reports to MDPSP.

Single Audits

According to Office of Management and Budget Circular A-133, a non-federal entity expending \$500,000 or more in federal funds in a year is required to perform a Single Audit annually with the report due no later than 9 months after the end of the fiscal year. The State of Mississippi's fiscal year is from July 1 through June 30. The Single Audit Report is due by March 31 of the following year. We found that the 2009 through 2013 Single Audit Reports were issued timely.

We reviewed fiscal years 2009 through 2013 Single Audit Reports to identify any findings that may affect the administration of Department of Justice grants. The findings reviewed were not related to or cross-cutting to the grants included in our audit scope.

Budget Management and Control

According to the COPS Grant Owner's Manual and the OJP Financial Guide, grantees may request a modification to their approved budgets to reallocate dollar amounts among approved budget categories. When certain changes to approved budgets are anticipated, grantees must obtain advance approval from COPS. The changes requiring approval are:

- any budget revision that changes the scope of the project and affects a cost category that was not included in the original budget, and
- cumulative transfers among approved budget categories that exceed or are expected to exceed 10 percent of the total approved budget. Failure to adequately control grant budgets could lead to wasteful or inefficient spending of grant funds.

The grant administrator maintained a spreadsheet to track grant expenditures by approved budget categories. We compared the MBN's grant expenditures recorded in the financial system to the approved grant budget categories and found no evidence of budget revisions that changed the scope of the grant awards.

We tested grant expenditures to determine if cumulative transfers of actual costs exceeded 10 percent of the total approved budgets for the grants reviewed. The MBN was awarded \$1,870,600 for the 2008 COPS grant. According to the 10 percent rule, the MBN was allowed to transfer \$187,060 of the award between

budget categories. We found two instances where MBN officials requested budget revisions for the 2008 grant. However, these revisions did not exceed 10 percent of the total award amount for the grant.

The MBN was also awarded \$1,500,000 for the 2009 COPS grant. According to the 10 percent rule, the MBN was allowed to transfer \$150,000 of the award between budget categories. The MBN did not transfer costs between budget categories for this grant.

For the 2009 Recovery Act subgrant awards, we did not test cumulative transfers among budget categories because JAG grants do not receive OJP budget approval.

Although our analyses showed that grant expenditures were within budgeted categories and cumulative transfers did not exceed the allowable transfer amounts, we believe the financial systems could not be relied upon fully to analyze grant expenditures. We identified instances of misallocated and miscoded grant expenditures in the accounting records that were not in the financial system. Consequently, the financial system apparently does not accurately reflect the actual expenditures for the grants reviewed. This concern is similar to the weaknesses identified during our 2005 audit with the MBN's internal controls for accounting for grant expenditures.

MBN officials told us that the previously-discussed grant committee identified errors in the allocation of grant expenditures and advised the grant administrator of the errors. The grant administrator made corrections to the grant expenditure documentation he maintained, but did not always communicate the corrections to the Fiscal Department for reconciliation to the financial system.

During the audit, the MBN initiated corrective actions by implementing new procedures that require the grant committee to compare grant expenditures to the financial system for reconciliation. The protocol also requires the grant administrator to receive and review invoices before payment to vendors. However, the corrective actions did not require the grant administrator to communicate corrections made to the Fiscal Department to ensure the financial system accurately reflect actual grant expenditures. We recommend the MBN reconcile the financial system to ensure grant expenditures are accurately reflected.

Drawdowns

The COPS Grant Owner's Manual and the OJP Financial Guide require that recipients time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days; however, JAG recipients may draw down any or all grant funds in advance of grant costs.

We interviewed the MBN officials responsible for preparing and requesting the drawdowns and reviewed the accounting records and drawdown procedures. We determined that the MBN used the reimbursement method for calculating their reimbursement requests. Reimbursement requests were submitted monthly or when grant expenditures reached a given dollar amount. As a result, reimbursements were submitted as costs incurred and no cash advances were requested.

The MBN deposits grant funds, including Recovery Act funds, into a special revenue account and those funds are identified by an account fund code that is unique to each grant. We reviewed this account and confirmed that the funds drawn down were deposited electronically.

Drawdown requests were prepared based on information in "drawdown folders" maintained by the grant administrator. The "drawdown folder" consisted of a summary of expenditures for reimbursement and the paper copies of supporting documentation.

Subsequent to our 2005 audit, the MBN intended to improve the processes for review and approval of reimbursement requests through efforts of the grant committee. The grant committee meets prior to preparing each drawdown request and reviews the supporting documentation to ensure expenditures are allowable and allocated to the correct grant. However, the MBN was still relying on the drawdown folders to prepare the reimbursement requests. The information in the drawdown folders was not reconciled to the financial system. The financial systems are the official record for the grants financial activity.⁸ The MBN should ensure that grant expenditure information maintained in the drawdown folder is properly reconciled to the financial system. We recommend that the MBN ensure the financial system is used to determine drawdown requests.

As discussed below, we compared the grant drawdowns for Grant Numbers 2008-CK-WX-0882 and 2009-CK-WX-0333 to the grant expenditures recorded in the MBN financial system.

COPS Grant 2008-CK-WX-0882

The MBN drawdown folders were intended to include support for reimbursement requests totaling \$1,820,736 for Grant Number 2008-CK-WX-0882. We reviewed 100 percent of the drawdowns and identified \$ 1,258 in unsupported cost. The cost of \$1,258 was for a duplicate airfare. We question the \$1,258 in unsupported cost.

⁸ MBN officials told us that the SAAS and SPAHRS were the two operating systems maintained by the State of Mississippi for financial and personnel recordkeeping. Those systems were used primarily to manage the financial and accounting information.

We also identified \$1,343 in costs that were supported in the drawdown folders but that were not recorded in the financial system. These costs consisted of \$967 for two training conference meals and \$376 for two agent travel transactions. A proper reconciliation of the drawdown folders to the financial system would have identified the need to include these costs in the financial system and ensured that the costs were supported in that system. We do not question these costs because the costs are supported in the drawdown folders, but we recommend that the MBN reconcile the grant expenditures to the financial system.

In addition, we identified \$19,584 in costs for agent overtime, lodging and meals, and equipment that should have been charged to this grant but were incorrectly charged elsewhere in the financial system. During the audit, the MBN made correcting journal entries for these expenditures. As with costs not recorded in the financial system, these costs should have been identified through reconciliation of the drawdown folders to the financial system.

COPS Grant 2009-CK-WX-0333

The MBN drawdown folders were intended to include support for reimbursement requests totaling \$1,472,658 and we found that all of those costs were supported in the folders. However, the financial system reflected grant expenditures totaling \$516 less than that supported in the drawdown folders. The MBN staff could not explain this difference. This difference should have been identified and explained through reconciliation of the drawdown folders to the financial system.

In addition, we identified \$2,646 for equipment, lodging and meals, and agent overtime that should have been charged to this grant but were incorrectly charged elsewhere in the financial system. During the audit, the MBN made correcting journal entries for these expenditures. These costs should have been identified through reconciliation of the drawdown folders to the financial system.

BJA Recovery Act Grant 2009-SU-B9-0035 Subgrants

We also compared the grant drawdowns for Recovery Act subgrants to the grant expenditures recorded in the MBN financial system. We reviewed 100 percent of drawdowns for each subgrant.

Subgrant 09YI4051

The MBN drawdown folders were intended to include support for reimbursement requests totaling \$457,795 for the subgrant. We identified a \$100 duplicate entry for a battery purchase. We do not question this amount because of the minimal dollar value. We also identified \$430 in grant expenditures that were supported in the drawdown folder but were not recorded in the financial system. In addition, we identified \$10,225 in costs for agent overtime and fringe benefits that should have been charged to this grant but were incorrectly charged elsewhere in the financial system. During the audit, the MBN made correcting journal entries for

these expenditures. All of these errors should have been identified through reconciliation with the financial system.

Subgrant 09YI4052

The MBN drawdown folders were intended to include support for reimbursement requests totaling \$451,664. We identified \$712 for fringe benefits that were supported in the drawdown folders but were not recorded in the financial system. The MBN did not take corrective action. We also identified \$4,713 in costs for agent overtime and travel that should have been charged to this grant but were incorrectly charged elsewhere in the financial system. During the audit, the MBN made correcting journal entries for these expenditures. All of these errors should have been identified through reconciliation with the financial system.

Subgrant 09ZJ4051

The MBN drawdown folders were intended to include support for reimbursement requests totaling \$2,449,562.⁹ We determined that the financial system reflected grant expenditures totaling \$450 less than that supported in the drawdown folders. The MBN staff could not explain this difference.

We identified \$13,516 in costs for agent salaries and fringe benefits that should have been charged to this grant but were incorrectly charged elsewhere in the financial system. During the audit, the MBN made correcting journal entries for these expenditures. All of these errors should have been identified through reconciliation with the financial system.

Causes and Corrective Actions for Drawdown Errors

We discussed the drawdown errors with MBN officials who told us those errors resulted from inaccurate data entry, calculation errors, or lack of appropriate oversight reviews. We discussed with MBN officials the need for a reconciliation of the various related expenditure records. Those officials told us that they intended to begin performing such reconciliations. During our audit, the MBN initiated corrective action by implementing procedures that require comparison of expenditures per the drawdown folders to those per the financial system. We believe that when fully implemented these procedures can eliminate the drawdown errors we identified.

Grant Expenditures

According to the Financial Guide, allowable costs are those identified in Office of Management and Budget circulars and the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants.

⁹ MBN total drawdown requests (\$2,449,562) submitted to the MDPSP exceeded the subgrant award (\$2,448,976) by \$586.

We reviewed a sample of personnel costs and other direct costs charged to grant funds and found that the MBN charged \$6,364 in unsupported questioned costs and \$1,140 in unallowable questioned costs to grant funds. Details of the costs are discussed in the following sections.

Personnel Costs

The MBN received grant funds for 26 grant-funded positions under the grants reviewed. We reviewed the personnel and accounting records to verify the accuracy of names, positions, salaries, and fringe benefits. We did not identify any discrepancies.

We compared payroll costs to timesheets to determine if costs were computed correctly, properly authorized, accurately recorded, and properly allocated to the grants. Payroll costs were computed, recorded, and allocated to the grants correctly. A total of 355 hours, valued at \$6,156, were charged to the grant without proper approval. The MBN policy requires all leave requests and absences to be signed by the employee and approved by the supervisor. The leave request should be submitted to the Personnel Officer no later than five working days after the employee's return to duty.¹⁰ Exhibit 3 shows the hours charged to the grants without proper authorization.

EXHIBIT 3: UNSUPPORTED LEAVE

GRANT NUMBER	LEAVE HOURS	DOLLAR AMOUNT
2008-CK-WX-0882	123	\$1,799
Subgrant 09YI4052	72	1,248
Subgrant 09ZJ4051	160	3,109
TOTAL	355	\$6,156

Source: The MBN accounting records and OIG Analysis

The MBN officials told us that leave taken by an employee was pre-approved by the employee's supervisor even if a leave request form was not filled out. In addition, the leave taken by the employee was shown on the employee's timesheet. The timesheet was then approved by the supervisor and therefore deducted from the employee's leave account. This practice is not consistent with the MBN's policy for leave approval. We consider the 355 hours charged to the grants as unsupported and recommend the MBN remedy the \$6,156. We recommend the MBN establish procedures to ensure leave requests are consistently approved.

¹⁰ According to 28 Code of Federal Regulations, Section 66.20, accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, and time and attendance records.

Overtime

The MBN received grant funds of about \$1.48 million for overtime costs. We reviewed overtime charges made to the grants and compared overtime worksheets to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grants.

As shown in Exhibit 4, a total of \$865,379 in overtime was charged to the grants. We tested 105 transactions, valued at \$105,275. Exhibit 4 identifies the results of our testing.

EXHIBIT 4: ANALYSIS OF GRANT OVERTIME

GRANT NUMBER	OVERTIME FUNDS EXPENDED	TRANSACTIONS TESTED	OVERTIME COSTS TESTED	UNSUPPORTED COSTS	UNALLOWABLE COSTS
2009-CK-WX-0333	\$599,953	79	\$74,670	\$208	\$0
Subgrant 09YI4052	87,409	9	13,645	0	1,140
Subgrant 09ZJ4051	178,017	17	16,960	0	0
TOTALS	\$865,379	105	\$105,275	\$208	\$1,140

Source: The MBN accounting records and OIG analysis of overtime

The MBN charged unsupported overtime costs totaling \$208 and unallowable overtime costs totaling \$1,140 to the grants reviewed. MBN officials told us the unsupported and unallowable overtime occurred because of calculation errors and oversight. We recommend the MBN strengthen controls to ensure overtime costs charged to the grant are supported and allowable.

Other Direct Costs

To determine whether grant transactions were supported, allowable, and in compliance with the terms and conditions of the grants, we selected a sample of non-personnel transactions charged to each grant.

As shown in Exhibit 5, we reviewed a total of 537 transactions valued at about \$2.5 million. Based on our test results, transactions reviewed were allowable, supported and in compliance with the terms and conditions of the grants.

EXHIBIT 5: ANALYSIS OF GRANT TRANSACTIONS

GRANT NUMBER	FUNDS EXPENDED	TRANSACTIONS TESTED	AMOUNT OF TRANSACTIONS TESTED
2008-CK-WX-0882	\$926,874	122	\$635,765
2009-CK-WX-0333	883,402	100	715,422
Subgrant 09YI4051	199,461	111	178,752
Subgrant 09YI4052	44,386	100	27,915
Subgrant 09ZJ4051	1,479,534	104	947,778
TOTALS	\$3,533,657	537	\$2,505,632

Source: OIG Analysis

Property Management

According to the Financial Guide, grant recipients must be prudent in the acquisition and management of property bought with federal funds. Property acquired with federal funds should be used for criminal justice purposes, adequately protected from loss, and the property records should indicate that the property was purchased with federal funds.

The MBN maintained property records for grant-funded accountable property. The MBN's policy requires for the recording of accountable property items that cost greater than \$5,000 and have a useful life greater than 1 year. The MBN systems administrator provided an equipment list maintained for grant-funded equipment purchases. The list contained 361 items, valued at \$1,067,380. We selected a judgmental sample of 80 of the 361 items for testing to determine whether the MBN properly recorded, protected, and used the items for grant purposes. Based on our test results, the MBN accounted and used the grant-funded items for the grants purposes. Exhibit 6 shows the items tested.

EXHIBIT 6: ACCOUNTABLE PROPERTY

GRANT NUMBER	ACCOUNTABLE PROPERTY ITEMS PURCHASED	AMOUNT OF ACCOUNTABLE PROPERTY	ACCOUNTABLE PROPERTY ITEMS TESTED	AMOUNT OF ACCOUNTABLE PROPERTY TESTED
2008-CK-WX-0882	119	\$327,875	20	\$73,331
2009-CK-WX-0333	142	530,455	20	182,859
Subgrant 09YI4051	40	143,182	20	131,527
Subgrant 09ZJ4051	60	65,868	20	22,210
TOTALS	361	\$1,067,380	80	\$409,927

Source: OIG Analysis

Grant Reports

Grantees are required to submit financial and program progress reports to COPS. Financial reports provide information on monies spent and the unobligated amounts remaining for the grants. Prior to October 2009, the MBN was required to submit quarterly Financial Status Reports (FSRs) within 45 days after the end of each quarterly reporting period. Beginning October 1, 2009, the Federal Financial Report (FFR) replaced the FSR.¹¹ FFRs are due 30 days after the end of each calendar quarter. The program progress reports provide information on the status of funded activities, updates concerning the hiring of personnel, and the purchase of equipment and services. Program progress reports are requested by COPS on a periodic basis during the grant period and are to be completed and returned by specified dates determined by COPS. Within 90 days of the end of the grant period, COPS requires the submission of final financial and program progress reports.

For Recovery Act grants, grant recipients were required to submit quarterly reports, which contain both financial and programmatic data. These quarterly reports were due within the 5th day of the month following the close of a report quarter. Quarterly Recovery Act reporting ceased on February 1, 2014. OJP Performance Measurements (PMT) reports are due within the 15th day of the month following the close of a quarter.

Federal Financial Reports

We reviewed all the FSRs and FFRs for each of the COPS Methamphetamine grants to determine whether the reports were timely and the reported expenditures agreed with the financial system. The MBN submitted a total of 26 financial reports for the two grants. All 26 reports were submitted timely.

During our 2005 audit, we could not determine if the FSRs accurately reflected the grants financial activity because of the MBN's accounting procedures and the financial system was not adequate. Our current audit found the condition still exists. The MBN used drawdown request totals as the basis for preparing the FFR's instead of the financial system reports.

As previously discussed, the MBN's financial system did not accurately reflect actual grant expenditures and could not be relied upon fully. The system was not always reconciled when errors were identified and corrected. As a result, we could not determine the accuracy of the FFRs. The grant administrator told us he was not aware of the requirement to use financial system reports to prepare the FFRs. Financial systems enable the grantee to make accurate, current, and complete disclosure of the grant financial activity under the grants.

We believe the financial system provides a more accurate account of actual grant expenditures. During the current audit, the grant administrator provided new

¹¹ The MBN issued three FSRs for Grant Number 2008-CK-WX-0882 and one FSR for Grant Number 2009-CK-WX-0333 prior to October 1, 2009.

policies and procedures that instructed the grant committee to provide grant expenditure corrections to the Fiscal Department and the grant administrator for reconciliation. However, the procedures did not instruct the grant administrator to communicate corrections to the Fiscal Department. With improved communications between the grant administrator and Fiscal Department, the financial systems can be reconciled and reflect actual grant financial activity and can be used to prepare the financial reports. We recommend the MBN use the financial system reports when preparing FFRs.

Progress Reports

According to the Financial Guide, award recipients must submit progress reports annually for block/formula awards. These reports should contain information for activities undertaken and results achieved during the prior federal fiscal year. Also, according to 28 Code of Federal Regulations, Section 66.40, progress reports will contain for each grant, brief information on:

- a comparison of actual accomplishments to the objectives established for the period;
- the reasons for slippage if established objectives were not met; and
- additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

We tested whether the MBN submitted timely, complete, and accurate progress reports. The results of our testing are explained below.

COPS Methamphetamine Awards

The MBN was required to provide annual COPS non-hiring progress reports. The report was a survey that consolidated responses for both the 2008 and 2009 COPS grants. We evaluated the timeliness of the progress reports for the last 3 years and determined that all progress reports were submitted timely.

The progress reports were in a survey format and did not provide for the reporting of details that could be verified for accuracy and, consequently, we could not test the progress reports for accuracy. The information provided was in accordance with COPS requirements, which did not require statistical data, but required a rating of 1 through 10 for strongly disagree through strongly agree for the reporting period.

Quarterly Recovery Act Reports

The Recovery Act, Section 1512, required recipients of Recovery Act funds to report their expenditures and jobs created or saved to www.FederalReporting.gov. The initial report was due October 10, 2009, with quarterly reports due 10 days after the close of each quarter thereafter.

The MDPSP was the prime recipient for Recovery Act Grant Number 2009-SU-B9-0035 and retained responsibility for submitting reports to www.FederalReporting.gov. MDPSP required the MBN to submit their financial activity reports no later than the 5th day of the month following the close of a report quarter. The MBN submitted their activity reports timely.

MDPSP also required the MBN to submit PMT reports to OJP no later than the 15th day of the month following the close of a quarter. The MBN submitted quarterly PMT reports timely and accurately.

Grant Goals and Accomplishments

Grant goals and accomplishments should be based on measurable outcomes rather than on counting activities. The Government Performance and Result Act provided a framework for setting goals, measuring progress, and using data to improve performance. To measure progress, grantees should establish a baseline measure and a system for collecting and analyzing data needed to measure progress.

To evaluate program performance and accomplishments for the grants awarded, we reviewed the grant applications, progress reports, and supporting documentation. We found that the MBN tracked grant-funded purchases and crime data collected, but did not perform analyses of the data to measure performance. The MBN did not establish a baseline for measuring progress. The results of our evaluation for each grant are explained below.

COPS Awards

The objective for the COPS Methamphetamine Initiative is to reduce the production, distribution, and use of methamphetamine. The MBN continues to devote resources to the investigation and disruption of clandestine laboratories used in the illicit production of methamphetamine.

The goals for both the 2008 and 2009 COPS grants were to reduce the availability of methamphetamine, enhance coordination and cooperation among law enforcement agencies, and continue the DEC Program. The MBN submitted to COPS grant status reports that did not require verifiable information such as statistical data, accomplishments, equipment, or systems.

The MBN grant administrator told us that grant progress is determined from statistical data recorded in state databases for investigations, arrests, and the discoveries and destructions of drug labs. The grant administrator also told us grant performance is measured by the level of attendance at clandestine lab certification trainings. The MBN did not establish a baseline for measuring progress for these grants.

Recovery Act Awards

BJA Recovery Act Grant Number 2009-SU-B9-0035 was intended to provide a comprehensive approach to addressing the crime problems facing Mississippi's criminal justice system. It addressed issues from crime prevention to correctional drug treatment. The state's priority for using Recovery Act funding is job creation and retention in law enforcement areas.

Subgrant 09YI4051

The purpose of this grant was to create five agent positions, reduce the availability of drugs, and enhance coordination and cooperation among law enforcement agencies within the state.

The MBN hired, equipped, and trained five agents who were assigned to different regional offices throughout the state. However, we could not verify whether the new agents reduced the availability of drugs and enhanced coordination and cooperation among law enforcement agencies within the state. The grant administrator told us that the grant's progress was determined through statistical data recorded in state databases for investigations, arrests, and the discoveries and destructions of drug labs. The reports provided did not identify the statistical data by grant. The grant administrator also told us performance was measured by the level of attendance at clandestine lab certification trainings. The MBN did not establish a baseline for measuring progress for this subgrant.

Subgrant 09YI4052

The purpose of this grant was to retain five agent positions, reduce the availability of drugs, and enhance coordination and cooperation among law enforcement agencies within the state.

The MBN retained the five agents hired in subgrant 09YI4051 and continued their training. However, as noted above, we could not verify whether the agents reduced the availability of drugs and enhanced coordination and cooperation among law enforcement agencies within the state. The MBN did not establish a baseline for measuring progress for this subgrant.

Subgrant 09ZJ4051

The purpose of this grant was to continue the partnership between the law enforcement component and the judicial component to continue to reduce drug-related and violent crime, stabilize the area, and decrease crime perpetuated by recidivist criminals. The MBN continued partnerships with law enforcement and judicial components, assigned 10 agents and provided overtime to reduce the area's drug-related crime, assigned two city officers and three sheriff's deputies to stabilize and reduce violent crime incidents, and assigned two correctional officers to decrease crime perpetuated by recidivist criminals.

The MBN collects statistical data for the number of offenders, arrests, charges, juveniles, and different types of drugs evidence. The statistical data collected was not analyzed to determine if the grant resources were effective in reducing drug-related and violent crime and crimes perpetuated by recidivist criminals. The MBN also did not establish a baseline for measuring progress for this subgrant.

Based on the supporting documentation made available we determined the MBN purchased grant-funded equipment and incurred costs for grant-funded positions as intended for the grants. Because no baseline measures were established we could not identify the outcome of the progress made through the use of the COPS and OJP grants. The method used to determine grant progress did not provide a basis for determining how the grant award improved the MBN's efforts to address methamphetamine, reduced available drugs, or enhanced the coordination and communication within the law enforcement community. We recommend that MBN establish a baseline for measuring grant progress.

Conclusion

The MBN took corrective actions to implement the recommendations we made in our 2005 audit, but did not ensure those corrective actions were fully implemented. The MBN's corrective actions were not fully effective in improving the deficiencies reported in the initial audit. We identified weaknesses in the MBN's accounting procedures that limited the accuracy of the financial system. With strengthened controls for reporting grant expenditure corrections to the Fiscal Department, the financial system can be used to manage the actual to budgeted costs, prepare grant drawdowns, and report financial activity to COPS. We recommend the MBN strengthen its controls for managing grant expenditures and ensure the financial system includes corrected and actual grant expenditures. We believe the MBN provided sufficient documentation to remedy the questioned costs identified during our 2005 audit. For this audit, we identified grant expenditures that were unallowable (\$1,140) and unsupported (\$7,622) resulting in questioned costs totaling \$8,762. We also determined MBN did not establish baseline measures for performance.

Recommendations

We recommend that COPS:¹²

1. Ensure the MBN reconciles the financial system to ensure grant expenditures are accurately reflected.
2. Ensure the MBN uses the financial system reports to prepare drawdown requests.

¹² The MBN received the majority of its Department of Justice grant awards from COPS and COPS awards were the subject of our prior audit. Because of COPS' involvement in the prior corrective actions on the management improvement recommendations pertaining to financial management, those recommendations are addressed here to COPS.

3. Remedy \$3,265 for unsupported costs charged to Grant Numbers 2008-CK-WX-0882 and 2009-CK-WX-0333:
 - a. Unsupported travel costs of \$1,258;
 - b. Unsupported leave costs of \$1,799; and
 - c. Unsupported overtime costs of \$208.¹³
4. Ensure the MBN follows established procedures for the submission and approval of leave requests.
5. Ensure the MBN strengthens established controls to ensure unsupported overtime costs are not charged to the grants.
6. Ensure the MBN uses the financial system reports to prepare FFRs.
7. Ensure the MBN establishes a baseline for measuring the grant progress.

We recommend that OJP:

8. Remedy \$4,357 for unsupported leave for subgrants 09YI4052 (\$1,248), and 09ZJ4051 (\$3,109).
9. Ensure the MBN follows established procedures for the submission and approval for leave requests.
10. Remedy \$1,140 for unallowable overtime costs for subgrant 09YI4052.¹⁴
11. Ensure the MBN established controls are strengthened to ensure unallowable overtime costs are not charged to the subgrants.
12. Ensure the MBN establishes baselines for measuring subgrant progress.

¹³ In the draft report, we recommended that COPS remedy \$6,546 in unsupported costs that were not supported by adequate documentation. Along with its response to the draft report, the MBN provided documentation sufficient to remedy \$3,281 of the \$6,546. We updated the report and this recommendation to reflect the new amount.

¹⁴ In the draft report, we recommended that OJP remedy \$19,802 in unallowable overtime that was budgeted. Along with its response to the draft report, the MBN provided budget modifications sufficient to remedy \$18,662 of the \$19,802. We updated the report and this recommendation to reflect the new amount.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether the MBN complied with essential grant conditions pertaining to: (1) internal controls environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial, progress, and Recovery Act reports; (9) program performance and accomplishments; and (10) monitoring of subgrantees and contractors.

We conducted this 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit scope covered the 2009 JAG Recovery Act and the 2008 and 2009 COPS awards. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Programs Financial Guide, Office of Management and Budget Circulars, and specific program guidance.

In conducting our audit, we performed a 100 percent review of drawdowns and performed sample testing in grant expenditures, including personnel and other direct costs; financial and grant progress reports; property management; and grant goals and accomplishments. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category.

We selected judgmental sample sizes for the testing of each grant. This non-statistical sample design does not allow projection of the test results to the universe from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of financial, progress, and Recovery Act reports and compared performance to grant goals. We did not assess the reliability of the financial management system as a whole.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
QUESTIONED COSTS:		
Unallowable Costs:		
Subgrant 09YI4052		
Unallowable Overtime	\$1,140	16
Unsupported Costs:		
2008-CK-WX-0882		
Unsupported Travel	1,258	12
Unsupported Leave	1,799	15
2009-CK-WX-0333		
Unsupported Overtime	208	16
Subgrant 09YI4052		
Unsupported Leave	1,248	15
Subgrant 09ZJ4051		
Unsupported Leave	3,109	15
Total Questioned Costs ¹⁵	\$8,762	

Source: OIG audit test results

¹⁵ **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.

OFFICE OF COMMUNITY ORIENTED POLICING
SERVICES' RESPONSE TO THE DRAFT REPORT



U.S. DEPARTMENT OF JUSTICE
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
Grant Operations Directorate/Grant Monitoring Division
145 N Street, N.E., Washington, DC 20530

COPS

MEMORANDUM

To: Ferris B. Polk
Atlanta Regional Audit Manager
Office of the Inspector General

From: Troy V. Williams
Supervisory Grant Monitoring Specialist

Date: September 26, 2014

Subject: Response to the Draft Audit Report for Mississippi Bureau of Narcotics

This memorandum is in response to your August 27, 2014 draft audit report on COPS METH Grants #2008CKWX0882 and #2009CKWX0333 awarded to the Mississippi Bureau of Narcotics (MBN). For ease of review, each audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

Recommendation 1 – Ensure that MBN reconcile the financial system to ensure grant expenditures are accurately reflected.

The COPS Office concurs that MBN should reconcile its financial system to ensure grant expenditures are accurately reflected.

Planned Action

The COPS Office will work with the grantee to reconcile its financial system to ensure grant expenditures are accurately reflected.

Request

Based on the planned action, COPS requests resolution of Recommendation 1.

Ferris B. Polk
Atlanta Regional Audit Manager
Office of the Inspector General
September 26, 2014
Page 2

Recommendation 2 – Ensure the MBN use the financial system reports to prepare drawdown requests.

The COPS Office concurs that MBN should utilize the financial system reports to prepare drawdown requests.

Planned Action

The COPS Office will work with the grantee to ensure the grantee utilize the financial system reports to prepare drawdown requests.

Request

Based on the planned action, COPS requests resolution of Recommendation 2.

Recommendation 3 – Remedy \$6,546 for unsupported costs charged to Grant Numbers 2008-CK-WX-0882 and 2009-CK-WX-0333:

- a. **Unsupported travel costs of \$1,258;**
- b. **Unsupported leave costs of \$1,799;**
- c. **Unsupported overtime costs of \$3,281; and**
- d. **Unsupported overtime costs of \$208.**

The COPS Office concurs that questioned costs were identified by the OIG for this recommendation and that the grantee has not yet taken action on the OIG Draft Report to remedy the questioned costs.

Planned Actions

Upon issuance of the OIG Final Report, and if the grantee has not yet taken any corrective action to remedy the recommendation, the COPS Office will send a Proposed Notice of Noncompliance to allow the grantee to provide additional supporting documentation that would otherwise demonstrate compliance or to repay grant funds.

Request

Based on the planned action, COPS requests resolution of Recommendation 3.

Ferris B. Polk
Atlanta Regional Audit Manager
Office of the Inspector General
September 26, 2014
Page 3

Recommendation 4 – Ensure the MBN follows established procedures for the submission and approval of leave requests.

The COPS Office concurs that MBN should follow and establish procedures for the submission and approval of leave requests.

Planned Action

The COPS Office will work with the grantee to ensure the grantee follow established procedures for the submission and approval of leave requests.

Request

Based on the planned action, COPS requests resolution of Recommendation 4.

Recommendation 5 – Ensure the MBN strengthens established controls to ensure unsupported and unallowable overtime costs are not charged to the grants.

The COPS Office concurs that MBN should strengthen its established controls to ensure unsupported and unallowable overtime costs are not charged to the grants.

Planned Action

The COPS Office will work with the grantee to ensure the grantee strengthens its established controls to ensure unsupported and unallowable overtime costs are not charged to the grants.

Request

Based on the planned action, COPS requests resolution of Recommendation 5.

Recommendation 6 – Ensure the MBN uses the financial system reports to prepare FFRs.

The COPS Office concurs that MBN should utilize the financial system reports to prepare FFRs.

Planned Action

The COPS Office will work with the grantee to ensure the grantee utilize the financial system reports to prepare FFRs.

Ferris B. Polk
Atlanta Regional Audit Manager
Office of the Inspector General
September 26, 2014
Page 4

Request

Based on the planned action, COPS requests resolution of Recommendation 6.

Recommendation 7 –Ensure the MBN establish a baseline for measuring the grant progress.

The COPS Office concurs that MBN should establish a baseline for measuring the grant progress.

Planned Action

The COPS Office will work with the grantee to establish a baseline for measuring the grant progress.

Request

Based on the planned action, COPS requests resolution of Recommendation 7.

cc: Richard P. Theis
Justice Management Division

George Gibmeyer
Grant Monitoring Division

Phil Bryant
Governor
State of Mississippi

Sam Owens
Director
Mississippi Bureau of Narcotics

Grant File: METH #2008CKWX0882
METH #2009CKWX0333

ORI: MS02505

Ferris B. Polk
Atlanta Regional Audit Manager
Office of the Inspector General
September 26, 2014
Page 5

Response to Draft Audit Report for Mississippi Bureau of Narcotics

METH Grant #2008CKWX0882
METH Grant #2009CKWX0333

Date: September 26, 2014

THE MISSISSIPPI BUREAU OF NARCOTICS'
RESPONSE TO THE DRAFT REPORT¹⁶

Response to Schedule of Dollar-Related Findings

Questioned Costs: \$30,705.00

Unallowable Costs:

Subgrant 09YI4051

Unallowable Overtime \$18,662.00

Response: See attachment "A/(1-2)"

Subgrant 09YI4052

Unallowable Overtime: \$1,140.00

Response: These are the hours worked between 160 and 171 and are allowable and reimbursable overtime expenditures but calculated at hour for hour instead of time and a half. See Attachment "B"

Unsupported Costs:

2008-CK-WX-0882

Unsupported Travel \$1,258.00

Response: This expenditure was inadvertently drawn twice / will be repaid

Unsupported Leave: \$1,799.00

Response: See Attachment "C"

Unsupported Overtime: \$3,281.00

Response: See attachment "D/(1-6)" for \$3,141.00

The remaining balance of \$140 was a miscalculation and will be repaid

¹⁶ Attachments A, B, and D of the Mississippi Bureau of Narcotics' response included technical documentation that contain personally identifiable information and are not included here for that reason. Attachment C was included as part of the final audit report.

2009CK-WX-0333

Unsupported Overtime: \$208.00

Response: This was a calculation error / will be repaid

Subgrant 09YI4052

Unsupported Leave: \$1,248.00

Response: See attachment "C"

Subgrant 09ZJ4051

Unsupported Leave: \$3,109.00

Response: See attachment "C"

Questioned Costs:	\$30,705.00
Resolved Costs:	\$29,099.00
Unresolved Costs/ will be repaid	\$1,606.00

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

SEP 26 2014

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta 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
Community Oriented Policing Services Grants and Office of
Justice Programs Sub-grants Awarded to the Mississippi Bureau of
Narcotics*

This memorandum is in reference to your correspondence, dated August 27, 2014, transmitting the above-referenced draft audit report for the Mississippi Bureau of Narcotics (MBN). The MBN received a sub-grant from the Mississippi Division of Public Safety (MDPS), under the Office of Justice Programs' (OJP) grant number 2009-SU-B9-0035. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **12** recommendations and **\$30,705** in questioned costs, of which **five** recommendations and **\$24,159** in questioned costs are directed to OJP, and seven recommendations and \$6,546 in questioned costs are directed to the Office of Community Oriented Policing Services. The following is OJP's analysis of Recommendation Numbers 8-12 of the draft audit report. For ease of review, the recommendations are restated in bold and are followed by our response.

8. **We recommend that OJP remedy \$4,357 for unsupported leave for sub-grants 09Y14052 (\$1,248), and 09ZJ4051 (\$3,109).**

OJP agrees with the recommendation. We will coordinate with MDPS to remedy the \$4,357 in questioned costs, related to unsupported leave charged to grant number 2009-SU-B9-0035, under sub-grants 09Y14052 (\$1,248) and 09ZJ4051 (\$3,109), awarded to MBN.

9. **We recommend that OJP ensure that MBN follows established procedures for the submission and approval for leave requests.**

OJP agrees with the recommendation. We will coordinate with MDPS to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that future leave requests are timely submitted and properly approved by a supervisor.

10. **We recommend that OJP remedy \$19,802 for unallowable overtime costs for sub-grants 09YI4051 (\$18,662) and 09YI4052 (\$1,140).**

OJP agrees with the recommendation. We will coordinate with MDPS to remedy the \$19,802 in unallowable overtime costs charged to grant number 2009-SU-B9-0035, under sub-grants 09YI4051 (\$18,662) and 09YI4052 (\$1,140), awarded to MBN.

11. **We recommend that OJP ensure that MBN's established controls are strengthened to ensure unallowable overtime costs are not charged to the sub-grants.**

OJP agrees with the recommendation. We will coordinate with MDPS to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that controls are strengthened to prevent unallowable overtime costs from being charged to future sub-grants.

12. **We recommend that OJP ensure MBN establishes baselines for measuring sub-grant progress.**

OJP agrees with the recommendation. We will coordinate with MDPS to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that baselines for measuring sub-grant progress are established.

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 IT20140903115526

THE MISSISSIPPI DIVISION OF PUBLIC SAFETY PLANNING'S
RESPONSE TO THE DRAFT REPORT¹⁷



STATE OF MISSISSIPPI
DEPARTMENT OF PUBLIC SAFETY
DIVISION OF PUBLIC SAFETY PLANNING

PHIL BRYANT
GOVERNOR

ALBERT SANTA CRUZ
COMMISSIONER

September 9, 2014

Mr. Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General
U. S. Department of Justice
75 Spring Street, Suite 1130
Atlanta, Georgia 30323
VIA: U.S. Mail and Electronic Mail @ Ferris.B.Polk@usdoj.gov

Dear Mr. Polk:

This is an official response to the draft audit report issued by the Office of Inspector General (OIG), dated August 27, 2014 related to the audit of a sub-award made by the Mississippi Department of Public Safety, Division of Public Safety Planning (DPSP) to the Mississippi Bureau of Narcotics (MBN) under the Bureau of Justice Assistance (BJA) Byrne Jag grant number 2009-SU-B9-00035.

The DPSP will respond to the five recommendations relative to the Office of Justice Programs under grant number 2009-SU-B9-0035:

Recommendation #8: Remedy \$4,357 for unsupported leave for sub-grants 09Y14052 (\$1,248) and 9ZJ4051 (\$3,109)

Response: Do Not Concur - The MBN is the statewide drug enforcement agency and has its own designated leave policy to adhere to a 28 day work schedule for law enforcement personnel, unlike civilians. According to its leave policy, the amounts listed above was substantiated, supported and authorized by immediate supervisors. The DPS, however, will strengthen its monitoring procedures during on-site visits to randomly review the legitimacy of leave taken by employees funded through OJP sub-grants. (See Exhibit #1)

Recommendation #9: Ensure the MBN follows established procedures for the submission and approval for leave requests.

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¹⁷ Exhibits 2 and 3 of the Mississippi Division Public Safety Planning contained technical details that were excluded from the final audit report.

Response: During on-site monitoring visits, the DPS will ensure that OJP Sub-granted employees are requesting and approved for leave in accordance to the MBN established procedures.

Recommendation #10: Remedy \$19,802 for unallowable overtime costs for sub-grants 9YI4051 (\$18,662) and 09YI4052 (\$1,140).

Response: Do Not Concur - The DPSP approved a modification of sub-grant 9YI4051, effective 11/1/2010 to utilize overtime pay for five (5) MBN agents @ \$15,600; and overtime fringe benefits, including FICA @ \$1,193.40 and overtime retirement @ \$1,872, totaling up to \$18,665. The Modification was authorized by signature of OJP director, Joyce Word, December 17, 2010. (See Exhibit #2) Additionally, the MBN submitted the appropriate documentation for overtime hours to support the claim for reimbursement and was reimbursed accordingly.

The questioned amount of overtime in the amount of \$1,140 was approved in the original sub-grant 09YI4052. An amount of \$64,508 was approved for overtime for agents, where only \$1,140 was actually paid out to agents for straight time overtime (Hours over 160 – 170); and the remainder was paid at a rate of time and half (over 170 hours). The questioned amounts were submitted for reimbursement with supporting documentation and approved as such. (See Exhibit #3).

Recommendation#11: Ensure the MBN established controls are strengthened to ensure unallowable overtime costs are not charged to the sub-grants.

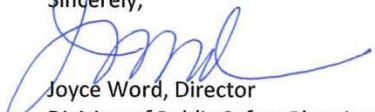
Response: During on-site monitoring visits, the DPSP will continue, as always, to monitor all OJP funded sub-granted employees to ensure that overtime has been approved and charged appropriately.

Recommendation#12: Ensure the MBN establishes baselines for measuring sub-grant progress

Response: The DPSP will ensure that baseline data is established and collected during the application review process for measuring sub-grant progress. Additionally, the DPSP will clarify its RFP document to reinforce the need for baseline data before submission of applications for funding.

Thank you for the opportunity to respond to the OJP recommendations!

Sincerely,



Joyce Word, Director
Division of Public Safety Planning
Office of Justice Programs

Exhibit 1

Response to Unauthorized Leave

MBN manual of policies and procedures states that an employee must submit a written leave request prior to taking leave; however, as long as an employee has prior approval from their respective immediate supervisor, leave may be taken and it is authorized with or without a written request. The purpose of the written leave request is to allow a supervisor to evaluate manpower needs during any given time. In the instances at issue in this audit, no employee took leave without prior approval from their immediate supervisor. Additionally, each of the employee's time sheets were signed and approved by all of the immediate supervisors for those employees, and those time sheets were reflective of the leave hours taken. In that regard, every hour of leave taken by these employees was deducted from their leave balance. The agency Personnel Division records work hours and leave taken based on the employee's time sheet not leave requests. This is done for accuracy of time worked and leave taken because the Director or his designee may revoke authorized leave at any time and recall employees to duty regardless of the existence a pre-approved written leave request.

ATTACHMENT "C"

MBN manual of policies and procedures states that an employee must submit a written leave request prior to taking leave; however, as long as an employee has prior approval from their respective immediate supervisor, leave may be taken and it is authorized with or without a written request. The purpose of the written leave request is to allow a supervisor to evaluate manpower needs during any given time. In the instances at issue in this audit, no employee took leave without prior approval from their immediate supervisor. Additionally, each of the employee's time sheets were signed and approved by all of the immediate supervisors for those employees, and those time sheets were reflective of the leave hours taken. In that regard, every hour of leave taken by these employees was deducted from their leave balance. The agency Personnel Division records work hours and leave taken based on the employee's time sheet not leave requests. This is done for accuracy of time worked and leave taken because the Director or his designee may revoke authorized leave at any time and recall employees to duty regardless of the existence a pre-approved written leave request.

**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 Community Oriented Policing Services (COPS), Mississippi Bureau of Narcotics (MBN), Office of Justice Programs (OJP), and Mississippi Division of Public Safety Planning (MDPSP).¹⁸ COPS, OJP, MBN, and MDPSP responses are incorporated in Appendices 3 through 6. In this final audit report, we made changes to reflect additional information provided to us by the MBN and MDPSP in response to our draft report. These changes had an effect on our findings and recommendations and updates were made to the final report as noted below and in the footnotes on page 23. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendations:

We recommended that COPS:

- 1. Ensure the MBN reconciles the financial system to ensure grant expenditures are accurately reflected.**

Resolved. COPS concurred that the MBN should reconcile its financial system to ensure expenditures are accurately reflected. In its response, COPS stated it will work with the MBN to reconcile its financial system to ensure grant expenditures are accurately reflected. COPS requested resolution for this recommendation.

The MBN did not provide a response to this recommendation.

This recommendation can be closed when we receive and review established procedures that require the MBN to reconcile its financial system so that grant expenditures are accurately reflected.

- 2. Ensure the MBN uses the financial system reports to prepare drawdown requests.**

Resolved. COPS concurred that the MBN should utilize the financial system reports to prepare drawdown requests. In its response, COPS stated that it will work with the MBN to ensure the financial system is used to prepare drawdown requests. COPS requested resolution for this recommendation.

The MBN did not provide a response to this recommendation.

¹⁸ The MDPSP provided a response to the draft report upon receipt from the MBN.

This recommendation can be closed when we receive and review established procedures that require the MBN to use its financial system reports to prepare drawdown requests.

3. **Remedy \$3,265 for unsupported costs charged to Grant Numbers 2008-CK-WX-0882 and 2009-CK-WX-0333:**
 - a. **Unsupported travel costs of \$1,258;**
 - b. **Unsupported leave costs of \$1,799; and**
 - c. **Unsupported overtime costs of \$208.**

Resolved. In the draft report, the OIG recommended that COPS remedy \$6,546 in unsupported costs. As part of its response, the MBN provided adequate documentation to remedy \$3,281 of the \$6,546. We updated this recommendation to reflect the new amount.

In its response, COPS did not state whether it agreed with the recommendation. However, COPS concurred that the OIG identified questioned costs for this recommendation and that the MBN has not taken action on the draft report to remedy the questioned costs. In its response, COPS stated that if the MBN has not taken action upon issuance of the final report, COPS will send a Proposed Notice of Noncompliance to allow the MBN to provide additional supporting documentation that demonstrates compliance or repay the grant funds. We determined that COPS' proposed action will advance the resolution of the recommendation. As a result, we consider this recommendation resolved.

In its response, MBN concurred that the unsupported travel costs (\$1,258) were duplicate requests and unsupported overtime costs (\$208) were miscalculated errors. The MBN plans to repay these costs. However, the MBN did not agree with the unsupported leave costs (\$1,799) and stated that no employee took leave without prior approval from their immediate supervisor. Employees approved time and attendance sheets reflected the leave taken. The OIG disagrees with the MBN because the MBN did not adhere to its established policies for requesting leave. The MBN policy requires leave requests to be submitted for approval in writing no less than 3 days prior to the leave start date. The request for leave must be received by the personnel officer no later than 5 working days after the employee's return to duty. The MBN did not provide submitted and approved leave requests to support the \$1,799 leave costs, and the questioned costs remain as unsupported.

This recommendation can be closed when we receive and review documentation proving that the questioned costs have been remedied.

4. **Ensure the MBN follows established procedures for the submission and approval of leave requests.**

Resolved. COPS concurred that the MBN should follow established procedures for the submission and approval of leave requests. In its

response, COPS stated it will work with the MBN to follow established procedures for the submission and approval of leave requests. COPS requested resolution for this recommendation.

The MBN did not respond to this recommendation.

This recommendation can be closed when we receive and review documentation that the MBN instructed its staff to follow established procedures for the submission and approval of leave requests.

5. Ensure the MBN strengthens established controls to ensure unsupported overtime costs are not charged to the grants.

Resolved. COPS concurred that the MBN should strengthen its established controls to ensure unsupported and unallowable overtime costs are not charged to the grants. In its response, COPS stated it will work with the MBN to ensure established controls are strengthened to ensure unsupported overtime costs are not charged to the grants. COPS requested resolution for this recommendation.

The MBN did not respond to this recommendation.

This recommendation can be closed when we receive and review documentation proving that the MBN has strengthened established controls to ensure unsupported overtime costs are not charged to the grants.

6. Ensure the MBN uses the financial system reports to prepare FFRs.

Resolved. COPS concurred that the MBN should utilize the financial system reports to prepare FFRs. In its response, COPS stated it will work with the MBN to ensure financial system reports are used to prepare FFRs. COPS requested resolution for this recommendation.

The MBN did not respond to this recommendation.

This recommendation can be closed when we receive and review established procedures that require the MBN to use its financial system reports to prepare FFRs.

7. Ensure the MBN establishes a baseline for measuring the grant progress.

Resolved. COPS concurred that the MBN should establish a baseline for measuring the grant progress. In its response, COPS stated it will work with the MBN to establish a baseline for measuring the grant progress. COPS requested resolution for this recommendation.

The MBN did not respond to this recommendation.

This recommendation can be closed when we receive and review established procedures that require the MBN to develop a baseline for measuring grant progress.

We recommended that OJP:

- 8. Remedy \$4,357 for unsupported leave for subgrants 09YI4052 (\$1,248) and 09ZJ4051 (\$3,109).**

Resolved. OJP concurred with this recommendation. In its response, OJP stated it will coordinate with MDPSP to remedy the \$4,357 in questioned costs.

The MBN did not agree with this recommendation and stated in its response that no employee took leave without prior approval from their immediate supervisor. Employees approved time and attendance sheets reflected the leave taken.

The MDPSP also disagreed with this recommendation and stated the MBN has its own designated leave policy for law enforcement personnel, unlike civilians. In its response, the MDPSP stated that the amount listed above was substantiated, supported, and authorized by immediate supervisors. The MDPSP further stated it will strengthen its monitoring procedures during on-site visits to randomly review subgrant employees' leave.

The OIG disagrees with the MBN and MDPSP because the MBN did not adhere to its established policies for requesting leave. The MBN policy requires leave requests to be submitted for approval in writing no less than 3 days prior to the leave start date. The request for leave must be received by the personnel officer no later than 5 working days after the employee's return to duty. The MBN and MDPSP did not provide submitted and approved leave requests to support the \$4,357 leave costs, and the questioned costs remain as unsupported.

This recommendation can be closed when we receive and review documentation proving that the questioned costs have been remedied.

- 9. Ensure the MBN follows established procedures for the submission and approval for leave requests.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated it will coordinate with MDPSP to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that future leave requests are timely submitted and properly approved by a supervisor.

The MBN did not respond to this recommendation.

MDPSP stated in its response that, during on-site monitoring visits, it will ensure that OJP subgranted employees are requesting and approved for leave in accordance to the MBN established procedures.

This recommendation can be closed when we receive and review established procedures that require the MBN to submit and approve leave requests according to its policy.

10. Remedy \$1,140 for unallowable overtime costs for subgrant 09YI4052.

Resolved. In the draft report, the OIG recommended that OJP remedy \$19,802 in unallowable overtime costs. As part of its response, the MBN provided documentation to remedy \$18,662 of the \$19,802. We updated this recommendation to reflect the new amount.

OJP concurred with our recommendation. In its response, OJP stated it will coordinate with MDPSP to remedy the \$19,802 in unallowable overtime costs charged to Grant Number 2009-SU-B9-0035, under subgrants 09YI4051 (\$18,662) and 09YI4052 (\$1,140), awarded to the MBN. In both responses, the MBN and MDPSP provided support for a budget modification that included overtime costs to the subgrant award. The OIG reviewed the budget modification and determined the budget modification did not support the remaining \$1,140 for unallowable overtime costs. These costs were identified as overtime compensation time and were not addressed in the budget modification. These costs remain as questioned costs.

This recommendation can be closed when we receive and review documentation proving that the questioned costs have been remedied.

11. Ensure the MBN established controls are strengthened to ensure unallowable overtime costs are not charged to the subgrants.

Resolved. OJP concurred with our recommendation. In its response, OJP stated it will coordinate with MDPSP to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that controls are strengthened to prevent unallowable overtime costs from being charged to future subgrants.

The MBN did not respond to this recommendation.

MDPSP stated in its response that, during site visits, it will continue to monitor all OJP funded subgrant employees to ensure that overtime has been approved and charged appropriately.

This recommendation can be closed when we receive and review established procedures that require the MBN to strengthen its controls to ensure unallowable overtime costs are not charged to the subgrants.

12. Ensure the MBN establishes a baseline for measuring subgrant progress.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with MDPSP to obtain a copy of MBN's written policies and procedures, developed and implemented, to ensure that baselines for measuring subgrant progress are established.

The MBN did not respond to this recommendation.

MDPSP stated in its response that it will ensure that baseline data is established and collected during the application review process for measuring subgrant progress. In addition, it will clarify its request for proposal documents to reinforce the need for baseline data to be submitted with applications for funding.

This recommendation can be closed when we receive and review established procedures that require the MBN to develop a baseline for measuring grant progress.

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