



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



**Audit of the Office of Justice Programs
Bureau of Justice Assistance
Correctional Systems and Correctional
Alternatives on Tribal Lands Program
Grants Awarded to Pueblo of Laguna
Laguna, New Mexico**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS BUREAU
OF JUSTICE ASSISTANCE CORRECTIONAL SYSTEMS
AND CORRECTIONS ALTERNATIVES ON TRIBAL LANDS
PROGRAM GRANTS AWARDED TO PUEBLO OF LAGUNA
LAGUNA, NEW MEXICO**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grants awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), under the Correctional Systems and Correctional Alternatives on Tribal Lands (CSCATL) Program to Pueblo of Laguna in Laguna, New Mexico.¹ Pueblo of Laguna was awarded \$1,767,373 under Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003 to plan, construct, and renovate tribal justice facilities associated with the incarceration and rehabilitation of juvenile and adult offenders subject to tribal jurisdiction as well as the enhancement of tribal justice system infrastructure.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, program performance, expenditures, budget management and control, drawdowns, and federal financial reports. The criteria we audited against are contained in the *OJP Financial Guide* and the grant award documents.

As of June 2014, Pueblo of Laguna had drawn down \$767,373, representing the entire award of Grant Number 2010-IP-BX-0057. There had been no expenditures or performance under Grant Number 2012-IP-BX-0003 at the time of this audit; therefore, our analysis focused primarily on activities under Grant Number 2010-IP-BX-0057. We examined Pueblo of Laguna's accounting records, financial and progress reports, and operating policies and procedures and found that Pueblo of Laguna did not comply with essential award conditions related to the use of funds, performance, and contract management. Specifically, the Pueblo of Laguna: (1) was operating under an expired indirect cost rate; (2) was not conducting suspension and debarment checks for contractors paid with grant funds; (3) did not fully achieve one of the five grant objectives; and (4) did not submit a Grant Adjustment Notice to OJP to remove Special Condition 13 from Grant Number 2010-IP-BX-0057.

Our report contains four recommendations to OJP. Our audit objective, scope, and methodology are discussed in Appendix 1.

¹ This program was formerly referred to as the Correctional Facilities on Tribal Lands Program.

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the grants awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), under the Correctional Systems and Correctional Alternatives on Tribal Lands (CSCATL) Program to Pueblo of Laguna in Laguna, New Mexico.¹ Pueblo of Laguna was awarded two grants totaling \$1,767,373, as shown in Table 1.

**Table 1
Grants Awarded to Pueblo of Laguna**

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2010-IP-BX-0057	09/15/2010	10/01/2010	03/31/2014	\$767,373
2012-IP-BX-0003	09/27/2012	10/01/2012	09/30/2015	\$1,000,000
Total:				\$1,767,373

Source: OJP

Funding through the CSCATL Program supports efforts related to planning, constructing, and renovating tribal justice facilities associated with the incarceration and rehabilitation of juvenile and adult offenders subject to tribal jurisdiction as well as the enhancement of tribal justice system infrastructure. After Grant Number 2010-IP-BX-0057 was awarded to Pueblo of Laguna, the CSCATL Program was modified to allow the use of funds to construct multi-purpose justice centers that combine tribal police, courts, and corrections services.²

Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant

¹ This program was formerly referred to as the Correctional Facilities on Tribal Lands Program.

² 42 U.S.C. §13709 (2012)

management: financial management, program performance, expenditures, budget management and control, drawdowns, and federal financial reports.³

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the *OJP Financial Guide* and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

³ It should be noted that the wording in the objective stated above differs from the objective stated in the notification letter. We notified the auditee that the wording of the objective had been changed, and that this change had no impact on the audit methodology or conclusions in this report.

FINDINGS AND RECOMMENDATIONS

Our audit focused primarily on Grant Number 2010-IP-BX-0057, which was awarded to Pueblo of Laguna to renovate its existing detention building. Pueblo of Laguna was also awarded \$1,000,000 under Grant Number 2012-IP-BX-0003 to fund a juvenile detention facility as part of a new, consolidated site where all justice programs, such as detention, police, courts, and probation, can provide services. At the time of this audit, there were no expenditures or activities related to Grant Number 2012-IP-BX-0003. According to Pueblo of Laguna officials, the total facility cost for the new multi-purpose facility will be approximately \$33 million, and Pueblo of Laguna is pursuing funding for the remaining cost. Until all funding to build the facility is secured, Pueblo of Laguna cannot draw any monies under Grant Number 2012-IP-BX-0003. Pueblo of Laguna officials also stated they planned to submit a Grant Adjustment Notice (GAN) requesting an end date extension on this grant.⁴

Grant Financial Management

According to the *OJP Financial Guide*, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed the Single Audit Report for 2011 and 2012 to identify any control weaknesses and significant non-compliance issues related to the Pueblo of Laguna. We also conducted interviews with financial staff, and examined policy and procedures to determine whether the grant financial management system the Pueblo of Laguna uses for the processing and payment of funds adequately safeguard grant funds and ensure compliance with the terms and conditions of the grant.

Pueblo of Laguna's 2011 and 2012 Single Audit Reports found that the Pueblo of Laguna did not have a current approved indirect cost rate. Indirect costs are currently being charged to programs using the approved indirect cost rate from 2010. Pueblo of Laguna officials have been working with an outside consultant to complete an indirect cost rate proposal, and plan to submit an indirect cost rate proposal when their annual audit for 2013 is complete. At the time of our audit, there have been no expenditures under Grant Number 2012-IP-BX-0003, but the grant budget includes \$2,654 in indirect costs. According to the *OJP Financial Guide*, if a grantee does not have an approved federal indirect cost rate, the grantee will be unable to recover funds budgeted for indirect costs until a rate is approved. Currently, there is a risk that the Pueblo of Laguna will incur unallowable indirect costs prior to receiving approval.

We also reviewed Pueblo of Laguna's grant related operations; interviewed Pueblo of Laguna officials, and inspected grant award documents. Pueblo of Laguna officials provided us with documented policies governing accounting, procurement,

⁴ Generally, if a grant recipient wants to change project scope, schedule, or budget, the grantee is required to request a Grant Adjustment Notice (GAN) through OJP's Grant Management System (GMS).

receiving, payment, and asset monitoring. Those policies include a tiered payment approval process based upon dollar amount, as well as segregation of duties in accounting, purchasing, and payment functions.

We found that Pueblo of Laguna requires contractors to self-certify that they are not suspended or debarred before a contract is signed. However, the *OJP Financial Guide* requires grantees to have a process in place that ensures contracts are not awarded to contractors or individuals ineligible to receive federal funds. The System for Awards Management (SAM) is the central repository for suspension and debarment actions taken by all federal government agencies. Grantees should review SAM to ensure grant funds are not provided to entities that are prohibited from receiving federal funds. Pueblo of Laguna's current policy does not ensure contracts are not awarded to suspended or debarred parties. We reviewed SAM for the contractors paid with Grant Number 2010-IP-BX-0057 and did not find any were suspended or debarred.

Based on the above information, we have concluded that internal controls for the Pueblo of Laguna's management of grant-related indirect costs and potential payments to ineligible parties could be improved to mitigate the risk of fraud, waste, and abuse. We recommend that OJP ensure that Pueblo of Laguna only charges indirect costs to DOJ grants according to an approved rate and has a process in place to ensure grant funds are only paid to recipients that are eligible to receive federal funding.

Program Performance

According to Pueblo of Laguna's grant application documents, the objectives of Grant Number 2010-IP-BX-0057 were to: (1) replace the cooling, heating, and ventilation system, (2) replace the security lavatories for the jail, (3) purchase and install materials to extend the perimeter fence of the jail, (4) replace the aluminum electrical wiring with copper throughout the building, and (5) fund engineering and design of new electrical and HVAC systems for the detention building.

We found that Pueblo of Laguna did not fully achieve the third grant objective, to install a new perimeter fence at the detention building. Pueblo of Laguna used local funds to purchase the fencing materials for the third objective. Those materials were used to create holding cells at a temporary jail during renovation of the detention building, due to discovery of asbestos in the building. During our site visit, inmates had been returned to the detention facility but the fencing materials were still at the temporary jail. According to Pueblo of Laguna officials, they plan to move the materials to the detention building and install the perimeter fence as stated in the grant objectives.

Grantees are required to obtain prior approval from the awarding agency for changes to scope or objectives of a grant funded project, regardless of whether there is an associated budget revision.⁵ While Grant Number 2010-IP-BX-0057 was

⁵ 28 C.F.R. 66.30

officially closed out by OJP on May 20, 2014, we determined that although materials were purchased for the new fence and Pueblo of Laguna stated its plans to install the new fence, Pueblo of Laguna should have requested a GAN due to the delay in fully completing this objective. We recommend that OJP ensures that Pueblo of Laguna completes all planned objectives for Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003.

Categorical Assistance Progress Reports

According to the *OJP Financial Guide*, progress reports are prepared twice a year and are used to describe performance of activities or the accomplishment of objectives as set forth in the award application. Progress reports must be submitted within 30 days of the end of the reporting period, which are June 30th and December 31st. Therefore, progress reports are due semi-annually on January 30th and July 30th for the life of the award. To determine whether the progress reports submitted by the Pueblo of Laguna accurately reflected the activity of the grant, we performed testing of some of the accomplishments described in the last two Categorical Assistance Progress Reports for Grant Number 2010-IP-BX-0057. We did not identify significant discrepancies with accomplishments described in the progress reports.

Grant Expenditures

Pueblo of Laguna received budget approval for costs related to equipment, supplies, construction, and contractual expenditures. The ledger for Grant Number 2010-IP-BX-0057 contained 36 transactions totaling \$767,373. Because of the limited number of transactions, we tested all grant expenditures to determine whether costs charged were allowable, supported, and properly allocated in compliance with award requirements. The following sections describe the results of that testing.

Direct Costs

We identified an expenditure of \$24,039 where the vendor's invoice and the amount paid by Pueblo of Laguna exceeded the vendor's original quotation and the amount on Pueblo of Laguna's purchase order by \$451. Pueblo of Laguna officials stated the difference was due to additional costs for pipe fittings, but did not provide adequate documentation to support the increased price. We determined this difference to be immaterial and we make no recommendation.

Non-Compliance with Special Condition 13

Special Condition 13 for Grant Number 2010-IP-BX-0057 stated that no funds could be used for construction, renovation, or detailed planning (e.g., drawing of architectural designs) of court facilities, or law enforcement facilities where the law enforcement functions are not integrally related to the detention function. During our testing of grant expenditures, we found that the detention building's electrical and HVAC improvements included both jail and court spaces.

Pueblo of Laguna did not appear to maintain separate accounting for electrical and HVAC improvements in the court areas.

As previously stated, after Grant Number 2010-IP-BX-0057 was awarded to Pueblo of Laguna, the CSCATL Program was modified to allow the use of funds to construct multi-purpose justice centers that combine tribal police, courts, and corrections services. OJP issued a memo to grantees in December 2010 informing them of the changes and directing them to review their grant scope and discuss the possibility of budgetary or programmatic changes with their grant manager. Pueblo of Laguna officials discussed the 2010 modification with their OJP grant manager who determined that a GAN was not necessary because there had been no change to the project scope. However, because the 2010 modification could contradict Special Condition 13, we recommend that OJP review the award to determine whether a GAN should be submitted to remove the special condition.

Matching Costs

Pueblo of Laguna was required to expend \$76,737 in local funds for Grant Number 2010-IP-BX-0057. We reviewed documentation related to Pueblo of Laguna's only matching expenditure for the grant, for \$78,750; Pueblo of Laguna purchased portable toilet and shower facilities for the relocation of the jail during asbestos mitigation at the detention building. We did not identify exceptions with the required match.

Accountable Property

Pueblo of Laguna's fixed asset ledger identified the portable toilet and shower facilities purchased as the local match as the only accountable property purchased with Grant Number 2010-IP-BX-0057. We verified existence of the portable toilet and shower facilities.

Budget Management and Control

According to the *OJP Financial Guide*, the recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls, which includes presenting and classifying costs of the grant as required for budgetary and evaluation purposes, and providing financial data for planning, controlling, measuring, and evaluating direct and indirect costs. Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003 were both construction grants. Construction grants to state and local governments do not require grantees to request approval for any deviations from the budget unless additional grant funds are necessary.⁶ While we did not identify any revisions resulting in the need for additional funds, we noted that Pueblo of Laguna requested and received GANs to reallocate budgeted funds between budget categories. We did not identify significant deficiencies with the Pueblo of Laguna's budget management processes.

⁶ 28 C.F.R. 66.30 (2013)

Drawdowns

According to the *OJP Financial Guide*, funds should be requested based upon immediate disbursement or reimbursement need. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. Pueblo of Laguna officials stated grant drawdowns are requested monthly on a reimbursement basis, using reports generated by their accounting system. At the time of this audit, Grant Number 2010-IP-BX-0057 was fully drawn down, and there had been no drawdowns for Grant Number 2012-IP-BX-0057. During this audit, we did not identify any significant discrepancies in drawdowns.

Federal Financial Reports

According to the *OJP Financial Guide*, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. Recipients must report expenditures online using the Federal Financial Report (FFR) no later than 30 days after the end of each calendar quarter. To determine whether the FFRs submitted by the Pueblo of Laguna accurately reflected the grant expenditures, we performed testing of the last four FFRs submitted. We compared the FFRs to the expenditures in the accounting records and did not identify any discrepancies for the last four quarters. For Grant Number 2010-IP-BX-0057, cumulative expenditures in the final FFR matched Pueblo of Laguna's accounting records. For Grant Number 2012-IP-BX-0003, the FFRs stated that there had been no grant expenditures at the time of this audit. The FFRs did not identify any program income for either grant.

Conclusion

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined Pueblo of Laguna's accounting records, budget documents, financial and progress reports, and financial management procedures. We found that Pueblo of Laguna has been using an indirect cost rate that expired in 2010, does not check SAM to ensure grant funds are not paid to suspended or debarred parties, did not fully achieve one of the five grant objectives for Grant Number 2010-IP-BX-0057, and did not submit a GAN to remove Special Condition 13 from Grant Number 2010-IP-BX-0057.

We made four recommendations to improve Pueblo of Laguna's management of awards.

Recommendations

We recommend that OJP:

1. Ensure that Pueblo of Laguna only charges indirect costs to DOJ grants according to an approved rate.
2. Ensure Pueblo of Laguna develops and implements a process to ensure grant funds are only paid to recipients that are eligible to receive federal funding.
3. Ensure Pueblo of Laguna completes all planned objectives for Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003.
4. Review Grant Number 2010-IP-BX-0057 to determine whether a GAN should be submitted to remove Special Condition 13.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, program performance, expenditures, budget management and control, drawdowns, and federal financial reports.⁷

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), grants awarded to Pueblo of Laguna under the Correctional Systems and Correctional Alternatives on Tribal Lands (CSCATL) Program. Grant Number 2010-IP-BX-0057 was awarded for \$767,373, and Grant Number 2012-IP-BX-0003 was awarded for \$1,000,000. Our audit concentrated on, but was not limited to September 15, 2010, the award date for Grant Number 2010-IP-BX-0057, through June 27, 2014, the last day of our fieldwork. As of June 2014, Pueblo of Laguna had fully drawn down and closed out Grant Number 2010-IP-BX-0057. There had been no expenditures or program activity under Grant Number 2012-IP-BX-0003.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of Pueblo of Laguna's activities related to the audited grants.⁸ Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents. In conducting our audit, we tested the following:

- **Grant Financial Management.** To determine whether Pueblo of Laguna's financial management procedures adequately safeguard grant funds and ensure compliance with grant conditions, we interviewed Pueblo of Laguna financial staff, examined policy and procedures documentation. We reviewed

⁷ It should be noted that the wording in the objective stated above differs from the objective stated in the notification letter. We notified the auditee that the wording of the objective had been changed, and that this change had no impact on the audit methodology or conclusions in this report.

⁸ In conducting our audit, we performed sample-based audit testing for [payroll and fringe benefit charges, Progress Reports, Financial Reports, and Recovery Act Reports]. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such as unique payroll and fringe benefits adjustments throughout the year. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

the Single Audit Report for 2012 to identify control weaknesses and significant non-compliance issues related to Pueblo of Laguna.

Our review of the Pueblo of Laguna's financial management system was specific to the management of DOJ funds during the audit period. We did not test the reliability of the financial management system as a whole. We reviewed grant-related procedures in place for drawdowns, budget management and control, financial status reports, progress reports, procurement, and contractor monitoring. To determine the Pueblo of Laguna's compliance with the requirements for engaging contractors, we reviewed contracts and change orders for both contractors paid with grant funds, interviewed financial and programmatic staff, and reviewed correspondence and meeting minutes related to the detention building renovation funded by Grant Number 2010-IP-BX-0057.

- **Program Performance.** To analyze performance of Grant Number 2010-IP-BX-0057, we reviewed the last two Progress Reports submitted by Pueblo of Laguna, interviewed Pueblo of Laguna financial and programmatic staff, reviewed construction documents and meeting minutes, verified accountable property purchased with grant funds, and toured the renovated detention building. We reviewed the closeout package for the grant. We performed limited testing of the last two Categorical Assistance Progress Reports to ensure the reports accurately reflected award activity, by comparing accomplishments listed in the Categorical Assistance Progress Reports with the construction documents. We toured the renovated detention facility. There was no activity related to Grant Number 2012-IP-BX-0003 at the time of this audit.
- **Grant Expenditures.** To determine the accuracy, support, and allowability of expenditures that Pueblo of Laguna charged to the grant with respect to the applicable laws, regulations, guidelines, and terms and conditions of the grant, we reviewed source documentation for all 36 transactions listed in the ledger for Grant Number 2010-IP-BX-0057. The accounting records included expenditures related to equipment, supplies, construction, and contractual expenditures.

When testing grant expenditures, we also assessed matching expenditures applied to the audited grants and determined the accuracy, support, and allowability of accountable property or equipment purchased with grant funds. To assess matching expenditures applied to the audited grants, we reviewed documentation related to Pueblo of Laguna's only matching expenditure for Grant Number 2010-IP-BX-0057, for purchase of portable toilet and shower facilities. To assess accountable property purchased with grant funds, we interviewed Pueblo of Laguna officials and reviewed Pueblo of Laguna's accounting policies and fixed asset ledger. We also verified existence of the portable toilet and shower facilities purchased with Grant Number 2010-IP-BX-0057.

- **Budget Management and Control.** Construction grants to state and local governments do not require grantees to request approval for deviations from the budget unless additional grant funds are necessary. Our analysis focused on Pueblo of Laguna's process for establishing the grant budgets, which we determined through interviews with financial and programmatic staff.
- **Drawdowns.** To assess whether Pueblo of Laguna adequately supported grant drawdowns and managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.
- **Federal Financial Reports.** To determine whether the Federal Financial Reports (FFR) submitted by the Pueblo of Laguna accurately reflected the activity of the grant, we performed limited testing of the last four FFRs submitted. We compared the reports to the expenditures in the Pueblo of Laguna's accounting records.

During our audit, we obtained information from OJP's Grant Management System (GMS) as well as the Pueblo of Laguna's accounting system. We did not test the reliability of those systems as a whole. Any findings related to information received from those systems were verified with documentation from other sources.

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

NOV 21 2014

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley 
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance Correctional Systems and Corrections Alternatives on Tribal Lands Program Grants Awarded to Pueblo of Laguna, Laguna, New Mexico*

This memorandum is in reference to your correspondence, dated October 23, 2014, transmitting the above-referenced draft audit report for the Pueblo of Laguna. We consider the subject report resolved and request written acceptance of this action from your office.

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

1. **We recommend that OJP ensure that Pueblo of Laguna only charges indirect costs to DOJ grants according to an approved rate.**

OJP agrees with the recommendation. We will coordinate with the Pueblo of Laguna to obtain a copy of written policies and procedures, developed and implemented, to ensure that it only charges indirect costs to DOJ grants according to an approved rate.

2. **We recommend that OJP ensure Pueblo of Laguna develops and implements a process to ensure grant funds are only paid to recipients that are eligible to receive Federal funding.**

OJP agrees with the recommendation. We will coordinate with the Pueblo of Laguna to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant funds are only paid to recipients that are eligible to receive Federal funding.

3. **We recommend that OJP ensure Pueblo of Laguna completes all planned objectives for grant numbers 2010-IP-BX-0057 and 2012-IP-BX-0003.**

OJP agrees with the recommendation. We will coordinate with the Pueblo of Laguna to obtain documentation supporting that all planned objectives for grant numbers 2010-IP-BX-0057 and 2012-IP-BX-0003 have been achieved.

4. **We recommend that OJP review grant number 2010-IP-BX-0057 to determine whether a GAN should be submitted to remove Special Condition 13.**

OJP agrees with the recommendation. However, we reviewed the special conditions template for the Correctional Facilities on Tribal Lands Program, and determined that Special Condition 13, under grant number 2010-IP-BX-0057, was a standard special conditions applied to all grants issued for the program, and is not removable via a Grant Adjustment Notice (see Attachment). Accordingly, OJP requests closure of this recommendation.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, Audit and Review Division, on (202) 514-7270.

cc: Linda J. Taylor
Lead Auditor, Audit Coordination Branch
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PUEBLO OF LAGUNA RESPONSE TO THE DRAFT REPORT



December 1, 2014

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

RE: Audit Report Recommendations & Responses

Dear Mr. Sheeren:

The Pueblo received your letter dated October 23, 2014, requesting a response to the draft audit report recommendations. Please see our responses below:

1. Ensure that Pueblo of Laguna only charges indirect costs to DOJ grants according to an approved rate.

The Pueblo agrees with this recommendation: the Pueblo is currently working on submitting the Indirect Cost Proposals to the National Business Center by December 31, 2014, for an approved and current indirect cost rate. The Pueblo will not charge indirect cost to the DOJ grants until an approved rate is in place.

2. Ensure Pueblo of Laguna develops and implements a process to ensure grant funds are only paid to recipients that are eligible to receive federal funding.

The Pueblo agrees with this recommendation: the Pueblo is working on updating financial policies and procedures and will incorporate a policy to ensure that contracts are not awarded to suspended or debarred parties.

3. Ensure Pueblo of Laguna completes all planned objectives for Grant numbers: 2010-IP-BX-0057 and 2012-IP-BX-0003.

The Pueblo agrees with this recommendation: the Pueblo will install and extend the perimeter fence at the detention building as required. Due to additional site grading and concrete work required to complete this project, it is scheduled to be installed during the first quarter of 2015.

4. Review Grant Number 2010-IP-BX-0057 to determine whether a GAN should be submitted to remove Special Condition 13.

The Pueblo agrees with this recommendation: the Pueblo did not maintain separate accounting as this was not feasible and the Pueblo was initially informed that a GAN was not required. The grant is currently considered closed and no longer available on the GMS system, however if access is provided, the Pueblo can submit the GAN if necessary.

Please note that in addition to grant funding the Pueblo contributed capital improvement funds to complete this project to incorporate the court facilities.

Should you have any questions or require additional information, please feel free to contact me at (505)552-5779 or by email at bwhitmore@lagunapueblo-nsn.gov

Sincerely,

Pueblo of Laguna

A handwritten signature in black ink that reads "Brooke Whitmore". The signature is written in a cursive, flowing style.

Brooke Whitmore,
Chief Financial Officer

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and Pueblo of Laguna for review and comment. OJP's response is incorporated in Appendix 2 and Pueblo of Laguna response is incorporated in Appendix 3. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations:

1. Ensure that Pueblo of Laguna only charges indirect costs to DOJ grants according to an approved rate.

Resolved. OJP concurred and stated that it will coordinate with the Pueblo of Laguna to obtain a copy of written policies and procedures, developed and implemented, to ensure that it only charges indirect costs to DOJ grants according to an approved rate.

Pueblo of Laguna stated it agreed with this recommendation and is currently working on submitting the Indirect Cost Proposals to the National Business Center by December 31, 2014, for an approved and current indirect cost rate. The Pueblo will not charge indirect cost to the DOJ grants until an approved rate is in place.

This recommendation can be closed when we receive evidence that Pueblo of Laguna has received an approved Indirect Cost Rate from the National Business Center.

2. Ensure Pueblo of Laguna develops and implements a process to ensure grant funds are only paid to recipients that are eligible to receive federal funding.

Resolved. OJP concurred and stated it will coordinate with the Pueblo of Laguna to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant funds are only paid to recipients that are eligible to receive Federal funding.

Pueblo of Laguna stated it agreed with this recommendation and is working on updating financial policies and procedures and will incorporate a policy to ensure that contracts are not awarded to suspended or debarred parties.

This recommendation can be closed when we receive evidence that Pueblo of Laguna has developed and implemented a process to ensure grant funds are only paid to recipients that are eligible to receive federal funding.

3. Ensure Pueblo of Laguna completes all planned objectives for Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003.

Resolved. OJP concurred and stated it will coordinate with the Pueblo of Laguna to obtain documentation supporting that all planned objectives for grant numbers 2010-IP-BX-0057 and 2012-IP-BX-0003 have been achieved.

Pueblo of Laguna stated it agreed with this recommendation and will install and extend the perimeter fence at the detention building as required. Due to additional site grading and concrete work required to complete this project, it is scheduled to be installed during the first quarter of 2015.

This recommendation can be closed when we receive evidence that Pueblo of Laguna has completed all planned objectives for Grant Numbers 2010-IP-BX-0057 and 2012-IP-BX-0003.

4. Review Grant Number 2010-IP-BX-0057 to determine whether a GAN should be submitted to remove Special Condition 13.

Closed. OJP concurred with this recommendation. OJP stated it reviewed the special conditions template for the Correctional Facilities on Tribal Lands Program, and determined that Special Condition 13, under grant number 2010-IP-BX-0057, was a standard special condition applied to all grants issued for the program, and is not removable via a Grant Adjustment Notice. OJP provided a document identifying the special condition as not removable, and requested closure of this recommendation.

Pueblo of Laguna stated it agreed with this recommendation. Pueblo of Laguna stated it did not maintain separate accounting as this was not feasible and the Pueblo was initially informed that a GAN was not required. Pueblo of Laguna stated the grant is currently considered closed and no longer available on the GMS system, however if access is provided, the Pueblo can submit the GAN if necessary.

Based on the documentation provided by OJP, this recommendation is closed.

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