



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



**Audit of the Office of Justice Programs  
Bureau of Justice Assistance  
Award to the Administrative Office of  
the Courts,  
Annapolis, Maryland**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
BUREAU OF JUSTICE ASSISTANCE AWARD TO  
THE ADMINISTRATIVE OFFICE OF THE COURTS  
ANNAPOLIS, MARYLAND**

**EXECUTIVE SUMMARY**

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the Office of Justice Programs (OJP) grant number 2011-DC-BX-0132 totaling \$1,500,000 awarded to Maryland's Administrative Office of the Courts (AOC), located in Annapolis, Maryland. OJP awarded the grant under the Bureau of Justice Assistance's (BJA) Adult Drug Court Discretionary Grant Program to develop and expand drug treatment courts and services to effectively integrate substance abuse treatment, mandatory drug testing, sanctions, and transitional support in a court setting with jurisdiction over nonviolent substance-abusing offenders throughout Maryland.

The objective of this audit was to determine whether costs claimed under the grant 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. The criteria we audited against are contained in the OJP's Office of Chief Financial Officer Financial Guide (OJP Financial Guide) and the grant award documents.

As of January 2016, the AOC received \$1,456,431 of the total award and OJP deobligated the remaining \$43,569 because the grant period had expired. We examined the AOC's accounting records, financial and progress reports, and operating policies and procedures and determined that while the AOC accomplished the goals for its program, it did not adequately monitor its four subrecipients, which led to our audit identifying a total of \$80,304 in unsupported and unallowable costs.

Appendix 1 details our audit objective, scope, and methodology.

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THE ADMINISTRATIVE OFFICE OF THE COURTS  
ANNAPOLIS, MARYLAND**

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**INTRODUCTION**

A major goal of specialized drug courts is to integrate substance abuse treatment, mandatory drug testing, sanctions, and transitional services in a judicially supervised court setting for nonviolent substance abusers. The Office of Justice Programs (OJP) Bureau of Justice Assistance's (BJA) Adult Drug Court Discretionary Grant Program provides funds to develop, implement, enhance, or expand drug treatment courts and associated services.

In September 2011, BJA awarded grant number 2011-DC-BX-0132 valued at \$1.5 million to the Administrative Office of the Courts (AOC), based in Annapolis, Maryland. The purpose of the award was to implement and enhance Maryland drug courts and services. The grant required a 25-percent match of the project total of \$2 million from Maryland, or \$500,000, to help accomplish these objectives.

**Administrative Office of the Courts**

The AOC oversees and develops court policies established by the Maryland Court of Appeals and the Maryland General Assembly. Its responsibilities also include administering Maryland court personnel and budgets. In 1994, Maryland established its first drug court. During the audit, Maryland reported having 54 adult and juvenile drug courts. Maryland's drug courts collaborate with multiple government agencies, private-sector organizations, and individuals to treat eligible, non-violent substance abusers and diminish both drug use and the number of addiction-related crimes across the state.

BJA approved the AOC's application for the subject grant to: (1) implement new drug courts, (2) reach capacity of existing drug courts, and (3) expand and enhance capacity of existing drug courts to reach populations with drug treatment needs. To further the objectives of the award, OJP also approved grant funds to: (1) improve drug court functioning; (2) increase drug court participation; (3) track, compile, and disseminate drug court information and resources; (4) improve information sharing among drug court programs; and (5) conduct either a state-wide drug court evaluation or establish an automated drug court data collection and performance management system.

Adult drug court programs in four Maryland Jurisdictions – Carroll County, Cecil County, the City of Baltimore, and Wicomico County – received sub-awards totaling \$1.3 million, or 87 percent of the grant, as shown in Table 1.

**Table 1**  
**Maryland Drug Court Grant Subrecipients**

<b>Subrecipient</b>	<b>Award Date</b>	<b>Project Start Date</b>	<b>Project End Date <sup>a</sup></b>	<b>Award Amount (\$)</b>
Carroll County	1/4/2012	1/5/2012	9/30/2015	633,046
Cecil County	1/4/2012	1/5/2012	9/30/2015	219,851
City of Baltimore	1/4/2012	1/5/2012	9/30/2015	259,233
Wicomico County	1/4/2012	1/5/2012	9/30/2015	187,870
<b>Total</b>				<b>\$1,300,000</b>

<sup>a</sup> Dates include approved program extensions.

Source: Administrative Office of the Courts

### **Audit Approach**

The objective of this audit was to determine whether the costs claimed under the grant 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. Unless otherwise stated, OJP’s Office of Chief Financial Officer Financial Guide (OJP Financial Guide) and award documents served as our primary criteria.

The Findings and Recommendations section of this report details the results of our analysis and Appendix 1 contains additional information on this audit’s objective, scope, and methodology.

## **FINDINGS AND RECOMMENDATIONS**

The AOC generally complied with reporting and budget management requirements. The AOC generally classified, supported, and charged the tested transactions properly to the grant. However, we determined that its subrecipients charged the grant a total of \$80,304 in unsupported or unallowable costs.

### **Grant Financial Management**

According to the OJP Financial Guide, all grant recipients must establish and maintain adequate accounting systems and financial records to account for awarded funds accurately. While our audit did not assess the AOC's overall system of internal controls, we reviewed the Fiscal Year (FY) 2014 Single Audit Report issued for the State of Maryland and determined that it did not identify control weaknesses or significant non-compliance issues pertaining to the AOC.<sup>1</sup>

We also reviewed the internal controls of the financial management system the AOC used to administer the subject award, interviewed key AOC personnel, reviewed AOC written policies and procedures, inspected grant documents, and reviewed accounting records to determine whether the AOC's financial management processes adequately safeguarded grant funds and complied with the terms and conditions of the grant. Our assessment found that the AOC generally maintained adequate controls, including segregation of duties, over the financial management system used to administer grant funds.

### **Program Performance and Accomplishments**

According to the OJP Financial Guide, awardees must submit progress reports semi-annually by January 30 and July 30 that describe activities or accomplishments of award objectives. To determine the AOC's progress in meeting grant objectives, we reviewed award documents, interviewed AOC officials, and reviewed AOC documents that track goals and objectives. We tested the accomplishments that the AOC described in its progress report covering the semi-annual periods between July 2014 and June 2015. We compared selected reported achievements to source data and interviewed the AOC officials regarding their planned and actual activities supported with grant funds. The tested progress reports detailed that grant funds supported 135 new drug court participants. We confirmed this total figure to AOC statistical reports and identified no discrepancies with the accomplishments described in the tested progress reports.

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<sup>1</sup> Non-federal entities that spend at least \$750,000 a year in federal funding need to conduct a Single Audit under the Office of Management and Budget's Circular A-133.

## Grant Expenditures

As stated previously, the OJP-approved grant budget allocated \$1.3 million of the unmatched \$1.5 million award, or 87 percent, to adult drug court programs administered by Carroll County, Cecil County, Wicomico County, and the City of Baltimore. As shown by Table 2, these subrecipients charged \$1,083,687 in payroll, fringe benefits, travel, supplies, and other consultant expenses to the grant between its inception in September 2011 through March 2015.

**Table 2**  
**Summary of Subrecipient Expenditures**  
**September 2011 to March 2015**

Cost Category	Carroll County (\$)	Cecil County (\$)	City of Baltimore (\$)	Wicomico County (\$)	Total (\$)
Personnel	198,061	128,905	165,231	0	492,197
Fringe Benefits	111,077	12,030	17,295	0	140,402
Travel	18,763	12,442	12,611	37,395	81,211
Supplies	9,753	2,516	0	8,004	20,273
Consultants and Contractors	228,503	37,599	0	83,502	349,604
<b>Totals</b>	<b>\$566,157</b>	<b>\$193,492</b>	<b>\$195,137</b>	<b>\$128,901</b>	<b>\$1,083,687</b>

Source: Administrative Office of the Courts

Considering the total amount of subrecipient costs funded by unmatched grant funds, we focused our grant expenditure testing on subrecipient costs and AOC efforts to monitor its subrecipients. We judgmentally selected a sample of subrecipient payroll, associated fringe benefits, and non-payroll charges, including travel, supplies, and other expenses for testing. To determine whether the costs charged to the award were allowable, supported, and properly allocated, we reviewed available supporting documents and accounting records. The judgmental sample comprised payroll and fringe benefit costs for 7 personnel and 44 additional non-personnel transactions that totaled \$255,039. Our sample ultimately identified a total of \$80,304 in unsupported and unallowable costs.

### *Subrecipient Personnel and Fringe Benefits*

Salaries and fringe benefits charged to federal awards must be based on payroll records approved by responsible officials. Subsequent payroll charges must comport with the generally accepted practices of the organization. For any employee working part-time on grant-related projects, OJP requires that recipients reasonably allocate salary and fringe benefit costs associated to that employee based on employee time and effort reports, such as timesheets.

As of March 2015, the AOC's non-contract subrecipients reported spending \$492,197 in award funds on salaries and an additional \$140,402 in fringe benefits for employees at three locations. Under the terms of the sub-awards, Carroll County hired a part-time nurse and a part-time social worker as well as a full-time recovery-support employee. Cecil County and the City of Baltimore each hired one

full-time employee, while Wicomico County did not apply award funds to salaries. Sub-awards to Carroll and Cecil Counties also included reimbursement of fringe benefit costs associated with pensions, unemployment taxes, and insurance. The sub-awards to the City of Baltimore and Wicomico County did not include fringe benefits.

The AOC reimbursed grant-related payroll and fringe benefit costs to subrecipients on a quarterly basis. We found that subrecipients generally segregated duties in completing and approving timesheets. Typically, both a supervisor and a payroll director reviewed timesheets prepared by employees prior to payment.

To validate how AOC subrecipients charged personnel costs to their sub-awards, we judgmentally selected charges associated within two non-consecutive quarterly periods for the 3 subrecipients recording payroll costs. The value of the sampled payroll totaled approximately \$89,995, or 18 percent of the \$492,197 in salary expenses charged through March 2015, while the value of the sampled fringe benefit totaled approximately \$31,472, or 22 percent of the \$140,402 charged in fringe benefit costs through March 2015. We examined timesheets, paystubs, and sub-award documents and compared the hours recorded worked on timesheets to the rate of pay and allowable fringe benefits for each employee. We found that the support provided for subrecipient salary and fringe benefit costs did not align with recorded expenses or hours for employees working on the grant. Specifically:

- Cecil County invoiced \$26,652 in salary and fringe benefit costs for a full-time employee during the tested period. The documentation provided to us during the audit supported \$26,116 of these charges, leaving \$536 in unsupported costs.
- The City of Baltimore invoiced \$42,023 in salary and fringe benefit costs for a full-time employee during the tested period. The documentation (1) supported \$29,668 in salary charges, leaving \$2,210 in unsupported costs and (2) demonstrated that the City of Baltimore received \$10,145 for fringe benefit costs, which its sub-award with the AOC did not allow. In total, the City of Baltimore charged \$17,295 in unallowable fringe benefit costs.
- Carroll County invoiced \$52,792 in personnel and fringe benefit costs for full and part-time employees during the tested period. However, Carroll County did not provide to us paystubs and relevant timesheets supporting all sampled charges. For the first quarter tested, Carroll County provided only 1 month of timesheets for 2 employees and no timesheets for the third employee. For the second quarter, Carroll County provided 6 weeks of timesheets for 3 employees and none for the fourth.<sup>2</sup>

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<sup>2</sup> For the second quarter tested, Carroll County divided its full-time recovery support position between two employees working part-time on grant-related projects. As a result, we reviewed payroll records for four Carroll County employees for the second quarter tested.



Carroll County also did not implement policies regarding how employees working part-time on the grant should record their time. As a result, Carroll County employees working less than full-time on the grant did not separately record the time spent on the grant from time spent on other projects on the timesheets we obtained. Carroll County also invoiced payroll costs without this information. We therefore could not determine the number of hours worked on the grant by Carroll County part-time employees nor calculate their appropriate fringe benefit charges.

Carroll County provided documents that supported \$9,998 in full-time employee salary and fringe benefit costs, leaving \$42,794 in total unsupported costs.

We recommend that OJP remedy \$45,540 in total unsupported subrecipient payroll and fringe benefit costs and \$17,295 in unallowable fringe benefit costs.

*Subrecipient Other Direct Costs*

Through March 2015, the AOC’s four subrecipients invoiced the grant \$81,211 for travel, \$20,273 for supplies, and \$349,604 for consultant and contractor costs. We selected a judgmental sample of expenses charged by each subrecipient over two quarterly reimbursement periods to verify whether the subrecipients properly supported and charged allowable costs to the grant. This sample comprised 44 transactions (13 for travel, 11 for supplies, and 20 for consultants and contractors) that totaled \$133,571, which represents 30 percent of all costs charged in these categories. For each transaction, we reviewed receipts, accounting records, and other documents, and generally found that the subrecipients properly prepared invoices. However, as shown in Table 3, 3 of the 4 subrecipients did not have available some receipts and invoices needed to support tested travel and contractor costs.

**Table 3  
Results of Subrecipient Other-Direct-Cost Sampling**

<b>Subrecipient</b>	<b>Total Sampled (\$)</b>	<b>Unsupported (\$)</b>	<b>Reason</b>
Carroll County	57,358	10,236	Missing travel receipts and contractor, missing invoices
Cecil County	24,087	0	n/a
City of Baltimore	9,534	1,744	Missing travel receipts
Wicomico County	42,592	5,489	Missing travel receipts
<b>Totals</b>	<b>133,571</b>	<b>17,469<sup>a</sup></b>	

<sup>a</sup> Sum of Travel and Consultant/Contractor Unsupported Costs in Appendix 2.

Source: OIG analysis of AOC documents

As a result of this testing, we recommend that OJP remedy \$17,469 in unsupported subrecipient other direct costs.

### *Subrecipient Monitoring*

Primary award recipients need to ensure that subrecipients comply with federal program and grant requirements, laws, and regulations. The AOC must therefore monitor subrecipient programmatic and financial activities throughout the grant period. Under the OJP Financial Guide, the methods, nature, timing, and extent of such monitoring may vary depending on the recipient's assessment of risk and may include:

- Reviewing monthly financial and performance reports submitted by the subrecipient;
- Performing subrecipient site visits to examine financial and programmatic records and observe operations;
- Reviewing detailed financial and program data and information such as timesheets, invoices, contracts, and ledgers when not conducting site visits; or
- Regularly communicating with subrecipients and making inquiries concerning program activities and success.

The AOC did not establish a comprehensive subrecipient monitoring plan. Although the AOC instructed subrecipients to follow their county-level payroll and procurement policies and procedures, these policies and procedures varied in completeness and lacked specific instructions regarding how subrecipients must handle federal grant funds. While the AOC periodically conducted subrecipient site visits and reviewed subrecipient financial documents, it did not evaluate subrecipient financial management systems or match supporting documents (such as hotel receipts, timesheets, payroll records, or purchase orders) to subrecipient quarterly invoices.

Prior to the audit period, the State of Maryland Judiciary reviewed the adult drug courts of Cecil County and the City of Baltimore and issued two audit reports. The Cecil County report, issued in 2013, found that Cecil County did not retain copies of employee timesheets. The City of Baltimore report, issued in 2014, found that it did not reconcile grant training costs accurately. As a result, the report found that the invoices were not fully supported by receipts.

While we consider it a best practice on the part of the State of Maryland Judiciary to audit its grant subrecipients, we found that the AOC did not update or enhance its subrecipient monitoring policies following these reports. We therefore recommend that OJP require that the AOC: (1) review subrecipient supporting documents during site-visits and (2) use the results of State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.

### *Matching Funds*

The OJP-approved award budget designated the AOC Office of Problem Solving Courts (OPSC) to match \$500,000 over 3 years via a contract with the University of Maryland to track and analyze the results of drug court services across Maryland. According to the AOC general ledger, the AOC had spent \$58,372 more than the match required on this contract, for a total of \$558,372. The AOC stated that they exceeded the match amount because the OPSC paid University of Maryland invoices in full.

### *Consultants*

In addition to the match, the AOC also hired the University of Maryland with remaining grant funds to: (1) evaluate individual drug court operations against program outcomes across Maryland and (2) identify successful drug court practices and participant characteristics. As of May 2015, the AOC paid \$235,060 on this contract. We confirmed that the AOC has obtained the all reports required under the contract.

### **Budget Management and Control**

The OJP Financial Guide assigns grant recipients the responsibility for establishing and maintaining an adequate system of accounting and internal controls, which includes presenting and classifying projected and historical grant costs required for budgetary and evaluation purposes. Unless otherwise authorized, recipients need to spend grant funds according to the cost categories outlined by the approved budget. Recipients must submit a Grant Adjustment Notice (GAN) whenever: (1) a proposed cumulative change to the approved budget cost categories exceeds 10 percent of the total award amount, (2) the budget modification changes the scope of the project, or (3) they incur expenses in a cost category not included in the original budget.

To ensure that the AOC complied with the OJP Financial Guide requirements, we compared the actual amount that the AOC recorded spent in its general ledger for each budget category to the approved budgeted amounts. This comparison found that the AOC remained under-budget in all approved cost categories.

### **Drawdowns**

According to the OJP Financial Guide, recipients should time drawdown requests to ensure that the federal cash they have on hand is the minimum needed to disburse or reimburse funds within 10 days. AOC officials told us they request drawdowns to reimburse salary, travel, training, and contractor expenses. To ensure that the AOC requested funds properly and kept a minimum of federal cash on hand, we analyzed the \$1,295,419 in drawdowns through August 2015 and compared the overall amount of these drawdowns to the AOC's general ledger. Overall, we found that the AOC did not drawdown more funds than expenditures listed in accounting records.

As of January 2016, the AOC drew down \$1,456,431 of the total award. OJP subsequently deobligated the remaining \$43,569 because the grant period expired.

### **Federal Financial Reports**

According to the OJP Financial Guide, recipients must report the actual expenditures and unliquidated obligations incurred for each quarterly financial reporting period using the Federal Financial Report (FFR). Recipients must submit FFRs no later than 30 days after the end of each calendar quarter. To determine whether the FFRs submitted by the AOC accurately reflected the grant expenditures, we tested the last four FFRs submitted and found that reported expenditures reconciled to the official accounting records.

### **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 the AOC's accounting records, budget documents, financial and progress reports, and financial management procedures and we noted in our report the AOC had \$80,304 in unsupported and allowable costs. We also provided a grant management improvement recommendation for the AOC.

### **Recommendations**

We recommend that OJP:

1. Remedy \$45,540 in unsupported subrecipient salary and fringe benefit costs.
2. Remedy \$17,295 in unallowable fringe benefit expenses.
3. Remedy \$17,469 in unsupported subrecipient other direct costs.
4. Require that the AOC: (1) review subrecipient supporting documents during site-visits and (2) use the results of State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.

### OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grant 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, federal financial reports.

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 Office of Justice Programs (OJP) grant awarded to the Administrative office of the Courts (AOC) under grant number 2011-DC-BX-0132. Our audit concentrated on, but was not limited to, September 2011, the award date, through September 2015. However, due to the timing of our fieldwork and the end-date for the award, our testing on expenditures was completed on data through March 2015 and financial and progress reports; program performance and accomplishments was completed on data through August 2015; and drawdowns through December 2015.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the AOC's activities related to the audited grants. The criteria we audit against are contained in the OJP's Office of Chief Financial Officer Financial Guide (OJP Financial Guide) and the award documents. In conducting our audit, we tested the following:

- **Grant Financial Management.** To determine whether the AOC's financial management procedures adequately safeguard grant funds and ensure compliance with grant conditions, we interviewed key personnel regarding the AOC's financial management system, record-keeping practices, and methods for ensuring adherence to the terms and conditions of the grant. We reviewed the Single Audit Report for Fiscal Year (FY) 2014 to identify control weaknesses and significant non-compliance issues related to the AOC.

Our review of the AOC's financial management system was specific to the management of Department of Justice (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, subgrantee monitoring, and contractor monitoring.

- **Program Performance and Accomplishments.** To determine if the AOC met or was on track to meet grant objectives, and whether the AOC collected the data and developed the performance measures necessary to assess the accomplishment of its objectives for Grant Number 2011-DC-BX-0132, we compared the progress report objectives to the goals listed in the project narrative submitted with the award application. We also performed testing of the last two Categorical Assistance Progress Reports to ensure the reports accurately reflected award activity by comparing the reported achievements to source data that the AOC provided.
- **Grant Expenditures.** To determine the accuracy, support, and allowability of expenditures that the AOC allocated or charged to the grant with respect to the applicable laws, regulations, guidelines, and terms and conditions of the grant, we reviewed source documentation for a judgmentally selected sample of 44 transactions listed in the accounting records for Grant Number 2011-DC-BX-0132. The accounting records included expenditures related to travel, supplies, payroll, fringe benefits, contractual, and subrecipient expenses.
- **Budget Management and Control.** To ensure the AOC complied with OJP Financial Guide requirements, we compared the actual amount the AOC spent in each budget category to the approved budgeted amounts in the same categories.
- **Drawdowns.** To assess whether the AOC 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 Reporting.** To determine whether the Federal Financial Reports (FFR) submitted by the AOC accurately reflected the activity of the grant; we performed limited testing of the last four FFRs submitted. We compared FFRs to the expenditures in the accounting records.

In conducting our audit, we performed sample-based audit testing for financial 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.

During our audit, we obtained information from OJP's Grant Management System as well as AOC's accounting system. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<b>Questioned Costs<sup>3</sup></b>	<b>Amount</b>	<b>Page</b>
<b><u>Unsupported</u></b>		
Personnel and Fringe Benefits	45,540	4-6
Travel	13,219	6
Consultants/Contracts	4,250	6
<b>Total Unsupported Costs</b>	<b>\$63,009</b>	
<b><u>Unallowable</u></b>		
Fringe Benefits	17,295	4-6
<b>Total Unallowable Costs</b>	<b>\$17,295</b>	
<b><u>Total Questioned Costs</u></b>	<b><u>\$80,304</u></b>	

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<sup>3</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX 3

### SUMMARY OF UNSUPPORTED SUBRECIPIENT COSTS<sup>a</sup>

Subrecipient	Quarter	Budget Category	Amount	Questioned
Carroll County	April-June 2012	Travel	\$ 1,265	\$ 1,265
Carroll County	April-June 2012	Travel	\$ 226	\$ 226
Carroll County	April-June 2012	Travel	\$ 439	\$ 439
Carroll County	April-June 2014	Travel	\$ 4,000	\$ 4,000
Carroll County	April-June 2014	Travel	\$ 760	\$ 21
Carroll County	April-June 2014	Travel	\$ 2,161	\$ 35
Carroll County	April-June 2014	Consultants/Contracts	\$ 4,250	\$ 4,250
Carroll County	April-June 2012	Salary	\$ 6,868	\$ 6,868
Carroll County	April-June 2012	Salary	\$ 2,120	\$ 2,120
Carroll County	April-June 2012	Salary	\$ 7,382	\$ 4,628
Carroll County	April-June 2014	Salary	\$ 6,711	\$ 6,711
Carroll County	April-June 2014	Salary	\$ 2,292	\$ 2,292
Carroll County	April-June 2014	Salary	\$ 4,372	\$ 894
Carroll County	April-June 2014	Salary	\$ 4,213	\$ 4,213
Carroll County	April-June 2012	Fringe	\$ 4,062	\$ 4,062
Carroll County	April-June 2012	Fringe	\$ 1,464	\$ 1,464
Carroll County	April-June 2012	Fringe	\$ 3,640	\$ 1,976
Carroll County	April-June 2014	Fringe	\$ 3,691	\$ 3,691
Carroll County	April-June 2014	Fringe	\$ 1,839	\$ 1,839
Carroll County	April-June 2014	Fringe	\$ 2,321	\$ 219
Carroll County	April-June 2014	Fringe	\$ 1,817	\$ 1,817
<b>Carroll County Total Questioned</b>				<b>\$ 53,030</b>
Cecil County	April-June 2013	Salary	\$12,572	\$ 197
Cecil County	April-June 2013	Fringe	\$ 1,286	\$ 339
<b>Cecil County Total Questioned</b>				<b>\$ 536</b>
City of Baltimore	April-June 2012	Travel	\$ 9,534	\$ 1,744
City of Baltimore	July-September 2014	Salary	\$17,513	\$ 2,210
City of Baltimore	Through March 2015	Fringe	\$17,295	\$ 17,295
<b>City of Baltimore Total Questioned</b>				<b>\$ 21,249</b>
Wicomico County	January-March 2015	Travel	\$ 7,222	\$ 5,489
<b>Wicomico County Total Questioned</b>				<b>\$ 5,489</b>
<b>Total Questioned Costs</b>				<b>\$ 80,304</b>

<sup>a</sup> Some transactions include multiple costs, which accounts for partial questioned amounts.

Source: Office of the Inspector General (OIG) analysis of AOC documents



**ADMINISTRATIVE OFFICE OF THE COURTS  
RESPONSE TO THE DRAFT REPORT**



ADMINISTRATIVE OFFICE OF THE COURTS  
MARYLAND JUDICIAL CENTER  
580 TAYLOR AVENUE  
ANNAPOLIS, MARYLAND 21401

**Pamela Harris**  
State Court Administrator  
410-260-1295

U.S. Department of Justice  
Office of Justice Programs  
Office of Audit, Assessment, and Management  
Audit and Review Division  
Attention: Linda Taylor  
810 7<sup>th</sup> Street, N.W.  
Washington, D.C. 20531

March 9, 2016

Dear Ms. Taylor:

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Washington Regional Audit Office, issued a draft audit report, dated February 17, 2016, to the Office of Justice Programs (OJP), related to an audit of grant number 2011-DC-BX-0132, awarded to Maryland's Administrative Office of the Courts (AOC). The draft report contained four recommendations and \$80,304 in questioned costs.

The AOC has been requested to respond in writing to the OIG's recommendations by March 9, 2016, to be included in the final audit report. Below are the AOC's responses to the OIG's recommendations:

1. Remedy \$45,540 in unsupported subrecipient salary and fringe benefit costs.  
**The AOC does not concur with this recommendation. Additional supporting documentation evidencing compliance with grant requirements was provided to the DOJ OIG, per the attached schedule (Attachment 1), such that only \$2,726 in expenditures required additional documentation.**
  
2. Remedy \$17,295 in unallowable fringe benefit expenses.  
**The AOC concurs with this recommendation. The AOC acknowledges that fringe benefits were paid for an allowable position through a subrecipient. There is no documentation from the AOC or the subrecipient to show that the salary requested in the subaward intended to pay for fringe benefits. However, there is supporting documentation to show that the position's award for salary did not exceed the grant award amount even allowing for salary and benefits. In addition, the grant guidelines indicate that both salary and benefits are allowable expenditures under this grant.**

**The AOC will ensure that future project managers will reconcile subrecipient financial reports with the original grant award document or subsequent approved budget modifications.**

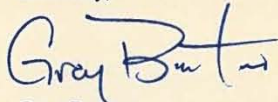
Faye D. Matthews Deputy State Court Administrator 410-260-1257	Mark R. Bittner Assistant Administrator Judicial Information Systems 410-260-1001	Louis G. Gieszl Assistant Administrator Programs 410-260-3547	Melinda K. Jensen, CPA Assistant Administrator Operations 410-260-1240	Stephane J. Latour Managing Legal Counsel Internal Affairs 410-260-3453	Kelley E. O'Connor Assistant Administrator Government Relations 410-260-1560	Stacey A. Saunders Assistant Administrator Education 410-260-3549
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3. Remedy \$17,469 in unsupported subrecipient other direct costs.  
**The AOC does not concur with this recommendation. Additional supporting documentation evidencing compliance with all grant requirements was provided to the DOJ OIG, per the attached schedule (Attachment 1).**
4. Require that the AOC: (1) review subrecipient supporting documents during site-visits and (2) use the results of State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.  
**The AOC concurs with this recommendation. The AOC will develop and adopt a comprehensive subrecipient monitoring plan by July 1, 2016. The Maryland Judiciary is already in the process of completing this plan and has been advised by the Maryland Judiciary's Internal Audit Department on best practices in this area. The plan will include: (1) methods to review quarterly financial and performance reports submitted by the subrecipient, (2) performing subrecipient site visits to examine financial and programmatic records and observer operations, (3) reviewing detailed financial and program data and information such as timesheets, invoices, contracts, and ledgers when conducting site visits, (4) regularly communicating with subrecipients and making inquiries concerning program activities and success, and (5) use the results of the State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.**

It is important to note that the draft audit report indicated that the AOC generally complied with reporting and budget management requirements. That the AOC generally classified, supported, and charged transaction property to the grant. The Maryland Judiciary requests that the final audit report be revised to reflect the additional documentation provided.

I would like to thank you for the opportunity to comment on this report, as well as for the opportunity to discuss its findings and recommendations with representatives of your office. If you have any questions, please feel free to contact me at 410-260-3617 or [gray.barton@mdcourts.gov](mailto:gray.barton@mdcourts.gov).

Sincerely,



Gray Barton  
Director, Office of Problem-Solving Courts  
Administrative Office of the Courts  
Program Division

cc: Pamela Harris  
State Court Administrator  
Administrative Office of the Courts

John J. Manning  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General

Lou Gieszl  
Assistant Administrator for Program  
Administrative Office of the Courts

Melinda Jensen  
Assistant Administrator for Operations  
Administrative Office of the Courts

Gisela K. Blades  
Director, Procurement, Contract and Grant Administration  
Administrative Office of the Courts

Lynne Kelleher  
Judiciary Grants Coordinator  
Administrative Office of the Courts

**Attachment 1**  
**DOJ OIG Draft Report Response Letter Attached Schedule**

***Finding and Recommendations #1: Remedy unsupported salary and fringe costs***

<b>Court Location</b>	<b>Questioned Costs</b>	<b>Description and Year</b>	<b>Maryland Judiciary AOC Internal Audit Department Notes</b>
Carroll	\$ 6,868.00	Salary: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 2,120.00	Salary: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 4,628.00	Salary: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 6,711.00	Salary: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 2,292.00	Salary: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 894.00	Salary: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 4,213.00	Salary: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 4,062.00	Fringe: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 1,464.00	Fringe: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 1,976.00	Fringe: 2012	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 3,691.00	Fringe: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 1,839.00	Fringe: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 219.00	Fringe: 2014	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 1,817.00	Fringe: 2014	<i>Additional documentation provided to DOJ OIG</i>
<b>subtotal</b>	<b>\$ 42,794.00</b>		
Cecil	\$ 197.00		No additional documentation provided
Cecil	\$ 339.00		No additional documentation provided
<b>subtotal</b>	<b>\$ 536.00</b>		
B. City	\$ 2,210.00		No additional documentation provided
<b>subtotal</b>	<b>\$ 2,210.00</b>		
<b>TOTAL</b>	<b>\$ 45,540.00</b>		

***Finding and Recommendations #3: Remedy unsupported other direct costs***

<b>Court Location</b>	<b>Questioned Costs</b>	<b>Description</b>	<b>Maryland Judiciary AOC Internal Audit Department Notes</b>
Carroll	\$ 1,265.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 226.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 439.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 4,000.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 21.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 35.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Carroll	\$ 4,250.00	Consultants	<i>Additional documentation provided to DOJ OIG</i>
B. City	\$ 1,744.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
Wicomico	\$ 5,489.00	Travel	<i>Additional documentation provided to DOJ OIG</i>
<b>TOTAL</b>	<b>\$ 17,469.00</b>		

OFFICE OF JUSTICE PROGRAMS  
RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 14 2016

MEMORANDUM TO: John. J. Manning  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General

FROM: Ralph E. Martin  
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance Award to the Administrative Office of the Courts, Annapolis, MD*

This memorandum is in reference to your correspondence, dated February 17, 2016, transmitting the above-referenced draft audit report for Maryland's Administrative Office of the Courts (AOC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** recommendations and **\$80,304** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations directed to OJP are restated in bold and are followed by our response.

1. **We recommend that OJP remedy \$45,540 in unsupported subrecipient salary and fringe benefits costs.**

OJP agrees with the recommendation. We will coordinate with AOC to remedy the \$45,540 in questioned costs, related to unsupported subrecipient salary and fringe benefits costs that were charged to Grant Number 2011-DC-BX-0132.

2. **We recommend that OJP remedy \$17,295 in unallowable fringe benefit expenses.**

OJP agrees with the recommendation. We will coordinate with AOC to remedy the \$17,295 in questioned costs, related to unallowable fringe benefits costs that were charged to Grant Number 2011-DC-BX-0132.

3. **We recommend that OJP remedy \$17,469 in unsupported subrecipient other direct costs.**

OJP agrees with the recommendation. We will coordinate with AOC to remedy the \$17,469 in questioned costs, related to unsupported subrecipient other direct costs that were charged to Grant Number 2011-DC-BX-0132.

4. **We recommend that OJP require that the AOC: (1) review subrecipient supporting documents during site-visits, and (2) use the results of State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.**

OJP agrees with the recommendation. We will coordinate with AOC to obtain a copy of written policies and procedures, developed and implemented, to enhance its subrecipient monitoring plan to ensure that: 1) subrecipient supporting documents are reviewed during site-visits, and 2) the results of the State of Maryland Judiciary audits are used to focus future subrecipient monitoring efforts.

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: Maureen A. Henneberg  
Deputy Assistant Attorney General  
for Operations and Management

Anna Martinez  
Senior Policy Advisor  
Office of the Assistant Attorney General

Jeffery A. Haley  
Deputy Director, Audit and Review Division  
Office of Audit, Assessment, and Management

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Director  
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Eileen Garry  
Deputy Director  
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Chief Financial Officer

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

Jerry Conty  
Assistant Chief Financial Officer  
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Aida Brumme  
Manager, Evaluation and Oversight Branch  
Grants Financial Management Division  
Office of the Chief Financial Officer

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

cc: OJP Executive Secretariat  
Control Number IT2016021714551



**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 Maryland Administrative Office of the Courts (AOC) and Office of Justice Programs (OJP) for their review and comment. We respectively incorporated the responses received from the AOC and OJP at Appendices 4 and 5 of this final report. Overall, OJP agreed with all our recommendations

The AOC requested that the OIG revise the final audit report to reflect the additional documentary support provided after AOC received the draft report. While we did not update the body of the report, this appendix reflects our assessment of the additional documentation provided by the AOC to reflect remaining questioned costs where appropriate. The following provides the OIG's analysis of these responses and summarizes the remaining actions necessary to close the report.

**Recommendation Number:**

**1. Remedy \$45,540 in unsupported subrecipient salary and fringe benefit costs.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with the AOC to remedy the questioned costs. While the AOC did not concur with this recommendation, it provided further supporting documentation, which we determined accounted for \$6,604 of the original \$45,540 in unsupported costs.<sup>4</sup>

The OJP's Office of Chief Financial Officer Financial Guide states that whenever grant recipients work on multiple projects, a reasonable allocation of costs to each activity must be made based on time or effort reports (e.g., timesheets). The AOC has not been able to provide additional timesheets for the tested transactions and cannot verify these costs without them. This recommendation can be closed when we receive and review documentation evidencing that the AOC and OJP have remedied the remaining \$38,936 in questioned salary and fringe benefit costs.

**2. Remedy \$17,295 in unallowable fringe benefit expenses.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated it will coordinate with the AOC to remedy the questioned costs. The AOC also agreed with this recommendation. This recommendation can be closed

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<sup>4</sup> The additional documentation the AOC provided supported \$4,628 in salary and \$1,976 in fringe benefit costs for Carroll County.

when we receive and review documentation evidencing that the AOC and OJP have remedied the unallowable fringe benefit expenses.

**3. Remedy \$17,469 in unsupported subrecipient other direct costs.**

Closed. OJP agreed with our recommendation. In its response, OJP stated it will coordinate with the AOC to remedy the questioned costs. Although the AOC did not concur with this recommendation, it provided to us additional documentation that we found supports the questioned costs. We consider this recommendation closed.

**4. Require that the AOC: (1) review subrecipient supporting documents during site-visits and (2) use the results of State of Maryland Judiciary audits to focus future subrecipient monitoring efforts.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated it will coordinate with the AOC to obtain a copy of written policies and procedures to enhance its subrecipient monitoring plan. The AOC also agreed with the recommendation and stated it will develop and adopt a comprehensive subrecipient monitoring plan by July 1, 2016 that will include performing subrecipient site visits to examine records and observe operations, and use the results of the State of Maryland Judiciary audits to focus future subrecipient monitoring efforts. This recommendation can be closed when we receive and review evidence that the AOC has implemented a new monitoring plan.

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[www.justice.gov/oig](http://www.justice.gov/oig)