



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice
Programs Grants Awarded to
Family Pathfinders of Tarrant
County, Inc.
Fort Worth, Texas**

Audit Division GR-60-18-003

December 2017

REDACTED-FOR PUBLIC RELEASE



Executive Summary*

*Audit of the Office of Justice Programs Grants
Awarded to Family Pathfinders of Tarrant County, Inc.
Fort Worth, Texas*

Objectives

The Office of Justice Programs (OJP) awarded Family Pathfinders of Tarrant County, Inc., (Pathfinders) two grants totaling \$1,300,000 for the Second Chance Act Adult Mentoring and Transitional Services Reentry Programs. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that there were no indications that Pathfinders was not adequately achieving the stated goals and objectives of the awards. However, we found that Pathfinders did not comply with essential award conditions related to the use of award funds and internal controls.

Specifically, we found that Pathfinders charged unallowable personnel, contractor and consultant, and other direct costs to the awards. In addition, we noted an internal control issue related to the Executive Director approving her own expenses. As a result of these deficiencies, we identified \$68,113 in questioned costs.

Recommendations

Our report contains one recommendation to OJP to remedy the questioned costs. We discussed the results of our audit with Pathfinders officials and have included their comments in the report, as applicable. We requested a response to our draft audit report from Pathfinders and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purposes of the two awards we reviewed were to promote public safety by facilitating the successful reintegration of formerly incarcerated individuals back into the community. The project period for the awards was from October 2013 through December 2017. Pathfinders drew down a cumulative amount of \$1,101,457 for both of the awards we reviewed.

Program Performance and Accomplishments – We reviewed Pathfinders' stated accomplishments for the two awards and found no indications that it was not on track toward achieving the program goals.

Award Financial Management – We identified an internal control issue related to the fact that the Executive Director approved invoices for her own grant-related expenses. In addition, she signed checks made out to herself for grant-related expenses. Although we found no evidence of misuse of funds, without proper oversight this practice could expose federal funds to potential fraud. Subsequent to our discussion with Pathfinders on this matter, Pathfinders issued a new policy requiring the Board of Directors to approve the Executive Director's expenses.

Personnel Costs – The audit identified \$49,932 in unallowable personnel and fringe benefits costs for budgeted positions that were already filled by other employees and for positions that were not authorized in the award budgets or a Grant Adjustment Notice (GAN).

Contractor and Consultant Costs – We identified \$11,332 in unallowable contractor and consultant costs, related to fees that exceeded the maximum allowable rate, as well as for consultants that were not included in the award budgets or a GAN.

Other Direct Costs – The audit also identified \$6,849 in questioned costs related to unallowable expenses, such as symposiums, conferences, advertisement, excessive banking fees, food, entertainment, trinkets or gifts, and other expenses that were not included in the approved award budgets or GANs.

* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the Family Pathfinder of Tarrant County, Inc.'s response, and are of an individual's names.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
GRANTS AWARDED TO FAMILY PATHFINDERS
OF TARRANT COUNTY, INC.
FORT WORTH, TEXAS**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
GRANTS AWARDED TO FAMILY PATHFINDERS
OF TARRANT COUNTY, INC.
FORT WORTH, TEXAS**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants totaling \$1,300,000 awarded by the Office of Justice Programs' (OJP), Bureau of Justice Assistance (BJA), to Family Pathfinders of Tarrant County, Inc. (Pathfinders) in Fort Worth, Texas, as shown in Table 1.

**Table 1
Grants Awarded to Pathfinders**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2013-CY-BX-0002	BJA	09/30/2013	10/01/2013	09/30/2015	\$300,000
2014-CY-BX-0023	BJA	09/23/2014	10/01/2014	12/31/2017	1,000,000
Total:					\$1,300,000

Source: OJP's Grants Management System

The awards were funded through the Second Chance Act, under the Adult Mentoring and Transitional Services for Successful Reentry, and the Comprehensive Community-Based Adult Reentry Programs. Programs funded under the Second Chance Act help to promote public safety by facilitating the successful reintegration of formerly incarcerated individuals back into the community.

The Grantee

Located in Fort Worth, Texas, Pathfinders (formerly Tarrant County Family Pathfinders) was established in 1996 to help families become self-sufficient. Pathfinders advocates strategies for families that will create ladders out of poverty and lead to financial stability. The program goal was to enlist community support for welfare reform efforts by partnering with faith and civic groups to form mentoring teams to work with families on their journey to self-sufficiency. Pathfinders began providing mentoring services in October 1997. In March 2004, Pathfinders incorporated and became a 501(c)3 organization. Since that time, Pathfinders has expanded its mentoring program to serve additional low income clients and the reentry population. In addition, it has broadened its programming to include job readiness and financial literacy.¹

¹ Statements of mission and intent regarding OJP and Pathfinders have been taken from the agencies' websites directly (unaudited).

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards; and to determine whether the recipient demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the awards. The 2012 and 2014 OJP Financial Guides, 2015 DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

AUDIT RESULTS

Program Performance and Accomplishments

We reviewed required performance reports, award documentation, and interviewed recipient program officials to determine whether Pathfinders demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports, to determine if the required reports were accurate. Finally, we reviewed Pathfinders' compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The goals and objectives for the awards are to provide mentoring for the reentry population to reduce recidivism and contribute to community safety. For Award Number 2013-CY-BX-0002, the goal was to recruit and enroll 70 inmates for the mentoring program. For Award Number 2014-CY-BX-0023, the goal was to recruit and enroll 250 inmates from the county jail and retaining mentees in the program.

Based on our review, there were no indications that Pathfinders was not adequately achieving the stated goals and objectives of the awards.

Progress Reports

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in progress reports, we selected a total sample of 32 performance measures from the 2 most recent reports submitted for each award. We then traced the items to supporting documentation maintained by Pathfinders.

Based on our progress report testing, we concluded that the accomplishments described in the progress reports generally matched the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each award and selected a judgmental sample of six requirements that are significant to performance under the awards. Based on our review, we found that Pathfinders was not in compliance with special condition 21 for Award Number 2013-CY-BX-0002 and special condition 20 for Award Number 2014-CY-BX-0023, which require a detailed justification and approval from OJP prior to paying a consultant in excess of the maximum allowable rates. We address this issue in further detail and make a recommendation in the Contractor and Consultant Costs section of this report.

Award Financial Management

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess Pathfinders' financial management of the awards covered by this audit, we conducted interviews with financial staff, examined policies and procedures, and inspected award documents to determine whether Pathfinders adequately safeguards the award funds we audited. We also reviewed Pathfinders' Single Audit Report for fiscal year (FY) 2015 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this award, as discussed throughout this report.

Based on our review, we identified weaknesses in Pathfinders' financial management. Specifically, we found that Pathfinders charged unallowable personnel, contractor and consultant, and other direct costs to the awards. These deficiencies are discussed in more detail in the Personnel Costs, Contactor and Consultant Costs, and Other Direct Costs sections of this report. We also noted an internal control issue related to the fact that the Executive Director approved invoices for her own grant-related expenses, such as travel and registration fees. In addition, she signed the checks made out to herself for grant-related expenses. Although there was no evidence of misuse of funds, without proper oversight, this practice could expose federal funds to potential fraud. However, subsequent to our site work Pathfinders issued a new policy requiring the Board of Directors to approve the Executive Director's expenses. As a result, we are not making a recommendation related to this issue.

Based on the above information, we have concluded that award financial management related to the use of award funds could be improved. As a result, we made one recommendation to OJP to remedy the questioned costs resulting from these deficiencies.

Award Expenditures

For the awards in our scope, Pathfinders' approved budgets included personnel, fringe benefits, travel, equipment, supplies, contractual, and other costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of 121 transactions totaling \$119,286, which included 57 transactions from Award Number 2013-CY-BX-0002 and 64 transactions from Award Number 2014-CY-BX-0023. We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As discussed in the following sections, we identified \$68,113 in unallowable questioned costs.²

² Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

Personnel Costs

As a part of our sample, we reviewed 21 payroll transactions totaling \$15,270, which included all salary expenditures and fringe benefits rates for 2 non-consecutive pay periods for each award, to determine if labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards.

For Award Number 2013-CY-BX-0002, we found that Pathfinders charged salaries and fringe benefits to the award for two employees for budgeted positions that were already filled by other employees. Additionally, we found that Pathfinders charged salaries and fringe benefits to the award for one employee for a position that was not included in the award budget. Specifically, for the pay period ending September 30, 2014, we identified an employee that was paid with award funds as a Mentoring Program Coordinator. However, another employee was already charging 100 percent of her time for this position to the award during the same pay period. The award budget authorized this position to be paid at 80 percent. For the pay period ending March 31, 2015, we identified an employee that was being paid with award funds as an Office Administrative Assistant. However, another employee was already charging 13.5 percent of her time for this position to the award during the same pay period. The award budget authorized this position to be paid at 14 percent. Also for the pay period ending March 31, 2015, we identified an employee that was being paid as a Volunteer Coordinator. However, this position is not authorized in the award budget or a Grant Adjustment Notice (GAN). As a result, we consider the salaries and fringe benefits for the additional positions above what was included in the award budget and the unbudgeted position unallowable.

For Award Number 2014-CY-BX-0023, we identified two employees that were paid with award funds for positions that were not included in the award budget. In addition, we found that Pathfinders charged salaries and fringe benefits to the award for one employee for a budgeted position that was already filled by another employee. Specifically, for the pay periods ending July 15, 2016, and January 13, 2017, we identified an employee that was paid with award funds as a Grant Development Director. Additionally, for the pay period ending July 15, 2016, we identified an employee that was paid with award funds as a Volunteer Coordinator. However, neither of these positions were authorized in the award budget or a GAN. For the pay period ending January 13, 2017, we also identified an employee that was paid with award funds as a Mentoring Program Coordinator. However, another employee was already charging 100 percent of her time for this position to the award during the same pay period. The award budget authorized this position to be paid at 90 percent. As a result, we consider the salaries and fringe benefits for the unbudgeted positions and the additional position above what was included in the award budget unallowable.

As a result of our testing, we reviewed the award general ledgers and questioned all salaries and related fringe benefits for the life of the awards for positions that we determined to be unallowable, resulting in \$49,932 in unallowable

salaries and fringe benefits costs. Therefore, we recommend OJP remedy the \$49,932 in unallowable salaries and fringe benefits.

Contractor and Consultant Costs

As part of our sample, we reviewed six contractor and consultant transactions totaling \$27,116, to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budgets.

We found that Pathfinders paid a consultant \$112.50 per hour, which was exactly double the maximum allowable consultant rate of \$56.25 per hour for Award Number 2013-CY-BX-0002, and exceeded the maximum allowable consultant rate of \$81.25 for Award Number 2014-CY-BX-0023. According to special condition 21 for Award Number 2013-CY-BX-0002, consultant rates cannot exceed \$450 per day, or \$56.25 per hour, without justification and approval from OJP. Additionally, according to special condition 20 for Award Number 2014-CY-BX-0023, consultant rates cannot exceed \$650 per day, or \$81.25 per hour, without justification and approval from OJP. As a result, we identified \$5,932 in unallowable consulting fees, which is the amount in excess of the maximum consultant rate for the portion of these expenditures charged to the awards. For Award Number 2014-CY-BX-0023, we also identified two consultants that were not included in the award budget or a GAN. As a result, we questioned \$5,400 in unallowable consulting costs charged to the award related to the unbudgeted consultants. In total, we identified \$11,332 in unallowable contractor and consultant costs. Therefore, we recommend OJP remedy the \$11,332 in unallowable contractor and consultant costs.

Other Direct Costs

As part of our sample, we reviewed 64 Other Direct Costs transactions totaling \$67,412. Based on our analysis, we identified 10 unallowable expenditures for a symposium, advertising, banking fees, fundraising and human resources conferences, trinkets or gifts, background check fees, and food that were not included in the award budget or GAN. Based on our initial findings, we expanded our testing to include an additional 30 transactions totaling \$9,488.

For Award Number 2013-CY-BX-0002, we identified 16 unallowable expenditures totaling \$1,282 for a symposium, conferences, advertisement, excessive banking fees, food, and trinkets or gifts that were not included in the award budget or a GAN. Based on a review of the general ledger, we identified an additional \$265 in unallowable expenditures charged to the award for medical screenings and background checks.

For Award Number 2014-CY-BX-0023, we identified 16 unallowable expenditures totaling \$4,063, for fundraising and human resources conferences, trinkets or gifts, background check fees, food, moving expenses, and entertainment that were not included in the award budget or a GAN. The unallowable

entertainment costs related to six transactions totaling \$527 for the rental of bowling lanes and equipment. The Executive Director stated that the entertainment expenses had a pro-social, programmatic value for inmates transitioning back into society and are allowable based on the language in 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200). According to 2 CFR 200, costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the federal award or with prior written approval of the federal awarding agency. However, the 2014 Financial Guide states that entertainment expenses, including amusement, diversion, and social activities are not allowable. Additionally, entertainment expenses were not included in the award budget and Pathfinders did not have a written approval from OJP for these expenses. Further, while Pathfinders provided links to various studies related to the benefits of pro-social activities for inmates reentering society, including employment, education, civic engagement, church groups, and community programs; in our judgment, bowling does not fall into the pro-social activities covered by these studies. Finally, Pathfinders did not provide any documentation supporting the programmatic value of its entertainment expenses, such as agendas, or sign-in sheets documenting the number of mentees attending these events. Based on a review of the general ledger, we identified an additional \$1,239 in unallowable expenditures charged to the award for banking fees, unbudgeted conference expenses, entertainment expenses, medical screenings, and background checks.

Overall, we identified \$6,849 in unallowable Other Direct Costs. Therefore, we recommend OJP remedy the \$6,849 in unallowable Other Direct Costs.

Monitoring Subrecipients

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide, sub-awards are used when the intent is to have another organization help carry out a portion of the scope of work described in the award application. Award recipients are required during the program period to monitor the subrecipient's use of federal funds. As part of the subrecipient monitoring process, recipients need to develop systems, policies, and procedures to ensure that subrecipient activities are conducted in accordance with federal program and grant requirements, laws, and regulations. We identified two subrecipients that Pathfinders utilized for the award programs. Based on our review, we concluded that Pathfinders was providing adequate monitoring of its subrecipients.

Budget Management and Control

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate a GAN for a budget modification that reallocates funds among budget

categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared award expenditures to the approved budgets to determine whether Pathfinders transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of April 13, 2017, Pathfinders had drawn down a total of \$1,101,457 from the two audited awards.

To assess whether Pathfinders managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

During this audit, we did not identify material deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies related to individual award expenditures that resulted in unallowable questioned costs. We address those deficiencies in the Award Expenditures section in this report.

Federal Financial Reports

According to the OJP Financial Guides and the 2015 DOJ Grants Financial Guide recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether Pathfinders submitted accurate FFRs, we compared the four most recent reports to Pathfinders' accounting records for each award.

We determined that quarterly and cumulative expenditures for the reports reviewed were generally accurate. While we found that three reports for Award Number 2014-CY-BX-0023 did not match the accounting records, the differences were either related to timing issues or were immaterial and subsequent corrections were made to the general ledger after the reports were submitted. As a result, we are not making a recommendation related to this issue.

CONCLUSION AND RECOMMENDATION

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the recipient demonstrated adequate progress towards achieving program goals and objectives. We assessed Pathfinders' program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports. Based on our audit testing, we identified \$68,113 in unallowable costs related to personnel, contractors and consultants, and other direct costs. In addition, we noted an internal control issue where the Executive Director was approving her own expenses. However, subsequent to our site work Pathfinders issued new policy requiring the Board of Directors to approve the Executive Director's expenses. As a result, we are not making a recommendation related to this issue. As a result, we made one recommendation to OJP.

We recommend that OJP:

1. Remedy the \$68,113 in unallowable questioned costs related to \$49,932 in unallowable personnel costs, \$11,332 in unallowable contractor and consultant costs, and \$6,849 in unallowable other direct costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the recipient demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and 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 grants awarded to Family Pathfinders of Tarrant County, Inc. (Pathfinders). Pathfinders was awarded \$1,300,000 under Award Numbers 2013-CY-BX-0002 and 2014-CY-BX-0023, and as of April 13, 2017, Pathfinders had drawn down \$1,101,457 of the total funds awarded. Our audit concentrated on, but was not limited to September 30, 2013, the award date for Award Number 2013-CY-BX-0002 through May 12, 2017, the last day of our field work. Award Number 2013-CY-BX-0002 ended on September 30, 2015, and Award Number 2014-CY-BX-0023 was ongoing at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Pathfinders' activities related to the audited awards. We performed sample-based audit testing for award expenditures including payroll and fringe benefit charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2012 and 2014 OJP Financial Guides, the 2015 DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System, as well as Pathfinders' accounting system specific to the management of DOJ funds during the audit period. 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

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ³		
<u>Unallowable Costs</u>		
Personnel Costs	\$49,932	5
Contractor and Consultant Costs	11,332	6
Other Direct Costs	6,849	6
<i>Total Unallowable Costs</i>	<i>\$68,113</i>	
Net Questioned Costs	\$68,113	

³ **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. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**FAMILY PATHFINDERS OF TARRANT COUNTY,
INCORPORATED RESPONSE TO THE DRAFT REPORT**



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

Dear Mr. Sheeren:

Thank you for the opportunity to respond to the recommendation in the Office of the Inspector General draft audit report, dated November 8, 2017, related to the OJP Grant Numbers 2013-CY-BX-0002 and 2014-CY-BX-0023 under OJP's Bureau of Assistance (BJA) 2013 Second Chance Act Mentoring and Transitional Services Reentry Program and the 2014 Second Chance Act Comprehensive Community-Based Adult Reentry Program. The report includes one recommendation, which read as follows:

Remedy the \$68,113 in unallowable questioned costs related to \$49,932 in unallowable personnel costs, \$11,332 in unallowable contractor and consultant costs, and \$6,849 in unallowable other direct costs.

Item	Grant	OIG Recommendation	Action
Personnel - \$49,932	2013-CY-BX-0002	Unallowable costs of \$3,649	We concur with \$24.45, but respectfully disagree with the rest of this part of the recommendation. Specific reasons are outlined below.
	2014-CY-BX-0023	Unallowable costs of \$46,292	We respectfully disagree with this part of the recommendation. However, we did submit a GAN

			Budget Modification in July 2017 which addresses these costs with the exception of one inaccurately noted personnel cost. A detailed explanation is below.
Consultant/Contractor - \$11,332	2013-CY-BX-0002 and 2014-CY-BX-0023	Unallowable costs of \$5,932	We respectfully disagree with this part of the recommendation. Specific reasons are outlined below.
	2014-CY-BX-0023	Unallowable costs of \$5,400	We concur with this part of the recommendation and have addressed this in the pending GAN Budget Amendment with the BJA.
Other Direct Costs - \$6,849	2013-CY-BX-0002	Unallowable costs of \$1,547	We concur with this part of the recommendation.
	2014-CY-BX-0023	Unallowable costs of \$5,302	We concur with this part of the recommendation and have adjusted off \$2,576 in recent drawdowns (\$1,210 in July 2017 and \$1,366 in September 2017). The other items are addressed in the pending GAN.

1. Personnel Costs

A. 2013-CY-BX-0002– \$3,649.

- Grant Development Director – \$356.65 (served as Program Manager for the last month of this grant even though her title changed).
- Financial Coach - \$24.45 – this was mistakenly charged to this grant
- Volunteer Coordinator - \$2,947.94
- Mentoring Coordinator – \$166.35

- Clerical – \$154.35

We agree that the Financial Coach expenditure of \$24.45 was mistakenly charged to this grant.

While the other positions were not listed in the budget narrative, they were necessary to complete the scope of services of this grant. The report indicates that it was not the actual cost that was questioned but rather the fact that the positions were not specifically noted on the approved budget. The Program Manager changed titles to Grant Development Director but continued to work as Program Manager for the last month of the grant. We identified that a Volunteer Coordinator was necessary to recruit and train volunteer mentors. The \$166.35 charged by another Mentoring Coordinator who was briefly utilized to help with a spike in client intakes. The same is true for the \$154.35 in clerical services. We did not materially exceed the approved total personnel budgeted amount, and as such, we operated within our approved budget.

B. 2014-CY-BX-0023 – \$46,291.70: These personnel costs are included in our pending GAN with the BJA.

- Grant Development Director – \$15,756.14
- Volunteer Coordinator – \$29,555.47
- Mentoring Coordinator – \$980.09

The Grant Development Director and Volunteer Coordinator are essential to this grant. The Grant Development Director assists with grant compliance and reporting. The Volunteer Coordinator position was created in January 2015 to recruit, train and retain volunteer mentors to serve Second Chance clients.

On the January 13, 2017 payroll sample for 2014-CY-BX-0023, OIG states that salary and fringe for one Mentor Coordinator will be questioned because another is already charging time at 100%. There are two mentor coordinators positions on the approved budget for 2014-CY-BX-0023 and therefore the salary \$980.09 should be allowable.

* Please note that the OIG reports \$49,932. There was a transposition on total salaries in the OIG report, and this number should be \$49,941,

2. Contractor and Consultant Costs - \$11,332

A. \$5,932 – [REDACTED]

The Audit report states that [REDACTED] was a consultant. We respectfully disagree as they were procured as a vendor, as described below in the Federal Register, 72 FR 65881, Section

3.1000. We released an RFP for bookkeeping services and after evaluating the competing bids, we signed a contract with

Please also see the Code of Federal Regulations below defining a consultant. We do not believe that | fits this definition.

Federal Register Subpart 3.10—Contractor Code of Business Ethics and Conduct

SOURCE: 72 FR 65881, Nov. 23, 2007, unless otherwise noted.

3.1000 Scope of subpart.

This subpart—

(a) Implements 41 U.S.C. 3509, Notification of Violations of Federal Criminal Law or Overpayments; and (b) Prescribes policies and procedures for the establishment of contractor codes of business ethics and conduct, and display of agency Office of Inspector General (OIG) fraud hotline posters. [79 FR 24197, Apr. 29, 2014]

3.1001 Definitions.

As used in this subpart—

Subcontract means any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a sub-contract. Subcontractor means any supplier, distributor, vendor, or firm that furnished supplies or services to or for a prime contractor or another subcontractor.

Code of Federal Regulations

Title 5 - Administrative Personnel Volume: 1 Date: 2012-01-01 Original Date: 2012-01-01 Title:

Section 304.102 - Definitions. Context:

Title 5 - Administrative Personnel. CHAPTER I - OFFICE OF PERSONNEL MANAGEMENT. SUBCHAPTER B - CIVIL SERVICE REGULATIONS. PART 304 - EXPERT AND CONSULTANT APPOINTMENTS.

§ 304.102

Definitions.

For purposes of this part:

(a) An agency is an executive department, a military department, or an independent agency.

(b) A consultant is a person who can provide valuable and pertinent advice generally drawn from a high degree of broad administrative, professional, or technical knowledge or experience. When an agency requires public advisory participation, a consultant also may be a person who is affected by a particular program and can provide useful views from personal experience.

(c) A consultant position is one that requires providing advice, views, opinions, alternatives, or recommendations on a temporary and/or intermittent basis on issues, problems, or questions presented by a Federal official.

(d) An expert is a person who is specially qualified by education and experience to perform difficult and challenging tasks in a particular field beyond the usual range of achievement of

competent persons in that field. An expert is regarded by other persons in the field as an authority or practitioner of unusual competence and skill in a professional, scientific, technical or other activity.

(e) An expert position is one that requires the services of a specialist with skills superior to those of others in the same profession, occupation, or activity to perform work on a temporary and/or intermittent basis assigned by a Federal official. For example, a microbial contamination specialist may apply new test methods to identify bacteria on products, a computer scientist may adapt advanced methods to develop a complex software system, or a plate maker may engrave a novel design.

B. \$5,400 – Other Contractors

\$2,400 – Motivational Interviewing Training: Pathfinders was introduced to this Best Practice at a BJA conference and subsequently procured this provider to train staff. **This expenditure is in our pending GAN with the BJA.**

\$3,000 – Database Design: This expenditure was to complete the Second Chance database used to generate data reports used to compile BJA PMT reports. **This is in our pending GAN with the BJA.**

3. Other Direct Costs – \$6,849

The audit includes the following questioned direct costs:

A. 2013-CY-BX-0002 - Other Direct Costs

We concur with this part of the recommendation.

Symposium - \$103.98
Conferences – \$92.40
Advertisement - \$99
Banking Fee – \$6.51
Food = \$169.19
Trinkets/Gifts – \$131.10
Coding Mistakes – \$679.48
Medical Screenings - \$50
Background Checks - \$215.35
Total for 2013 - **\$1,547**

B. 2014-CY-BX-0023 - Other Direct Costs

We concur with part of this recommendation, and the following costs were costs were backed out of Pathfinders' July 2017 and September 2017 draw downs:

Conference – \$952.58

Food – \$257.30

Pro Social Activities – \$880.28

Trinkets – \$508.77 – (\$485.59 in volunteer appreciation was adjusted off in September 2017, \$32 of this is annual event costs)

These costs are addressed on our pending Budget Amendment GAN:

Moving – \$973.21

Mentor Training Video – \$800

Background Checks – \$43.80

Background checks – \$494.20

Personnel Employment Advertising – \$198.00

Medical Screening – \$152.43

Bank Fees – \$41.43

Total for 2014-CY-BX-0023: \$5,302

Adjusted off of Pathfinders draw downs: \$2,576

Total Remaining: \$2,726

We have spent \$6,582 in Stand In allowable and budgeted costs for 2014-CY-BX-0023 which will impact the amount of the final recommendation.

Sincerely,



Kathryn Arnold
Executive Director, Pathfinders

cc: Linda Taylor
U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management
Audit and Review Division

Tracey Willis
Grant Program Specialist
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Sharon Mylius
Board Chair
Pathfinders

**OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

DEC - 7 2017

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver 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 Awards to Family Pathfinders of Tarrant County, Inc., Fort Worth, Texas*

This memorandum is in reference to your correspondence, dated November 8, 2017, transmitting the above-referenced draft audit report for Family Pathfinders of Tarrant County, Inc. (Pathfinders). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **one** recommendation and **\$68,113** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendation. For ease of review, the recommendation is restated in bold and is followed by OJP's response.

We recommend that OJP remedy the \$68,113 in questioned costs, related to \$49,932 in unallowable personnel costs, \$11,332 in unallowable contractor and consultant costs, and \$6,849 in unallowable other direct costs.

OJP agrees with this recommendation. We will review the \$68,113 in questioned costs, related to unallowable personnel costs (\$49,932), unallowable contractor and consultant costs (\$11,332), and unallowable other direct costs (\$6,849), that were charged to Grant Numbers 2013-CY-BX-0002 and 2014-CY-BX-0023, and will work with Pathfinders to remedy, as appropriate.

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

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Office of the Assistant Attorney General

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OJP Executive Secretariat
Control Number IT20171109145327

**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 OJP and Pathfinders. Pathfinders' response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendation, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Remedy the \$68,113 in unallowable questioned costs related to \$49,932 in unallowable personnel costs, \$11,332 in unallowable contractor and consultant costs, and \$6,849 in unallowable other direct costs.**

Resolved. OJP concurred with our recommendation and stated in its response that it will review the \$68,113 in questioned costs, related to unallowable personnel costs (\$49,932), unallowable contractor and consultant costs (\$11,332), and unallowable other direct costs (\$6,849), that were charged to Grant Numbers 2013-CY-BX-0002 and 2014-CY-BX-0023, and will work with Pathfinders to remedy, as appropriate.

Pathfinders partially agreed with our recommendation related to the unallowable personnel costs totaling \$49,932. For the unallowable personnel costs totaling \$3,649 charged to Award Number 2013-CY-BX-0002, Pathfinders stated in its response to the draft report that the \$24 for Financial Coach position was mistakenly charged to the award. However, for the remaining \$3,625 in unallowable personnel costs, Pathfinders stated that although the positions were not included in the award budget, they were necessary to complete the program goals. Pathfinders also stated that unallowable costs did not materially exceed the approved personnel costs included in the award budget. However, as stated in the report and Pathfinders' response to the draft report, the personnel costs were not included in the award budget or a Grant Adjustment Notice (GAN); as a result, the costs are unallowable.

For the unallowable personnel costs totaling \$46,292, charged to Award Number 2014-CY-BX-0023, Pathfinders stated in its response that it has requested a GAN to include these positions in the award budget. Pathfinders also indicated in its response that we should not have questioned the personnel costs charged to the award for the second Mentoring Coordinator position since the approved budget included two Mentoring Coordinator positions. We disagree with this statement because only one Mentoring

Coordinator position was included in the approved budget. While Pathfinders has requested a GAN to include the Mentoring Coordinator position, as well as the other unallowable personnel costs in the budget for Award Number 2014-CY-BX-0023, the GAN has not been approved by OJP; as a result, the unbudgeted personnel costs remain unallowable.

Pathfinders partially agreed with our recommendation related to \$11,332 in unallowable contractor and consultant costs. Pathfinders stated in its response that it has requested a GAN to include unallowable contractor and consultant costs totaling \$5,400 for the motivational interviewing training and database design in the budget for Award Number 2014-CY-BX-0023. However, the GAN has not been approved by OJP; as a result, these unbudgeted consultant costs remain unallowable.

Pathfinders disagreed with the remaining \$5,932 in unallowable contractor and consultant costs charged to both awards for accounting services. In its response, Pathfinders stated that the contractor should not be considered a consultant subject to the maximum consulting rate. Pathfinders cited the Federal Register definition of a consultant to support its claim. However, according to the OJP Financial Guides, the definition of a consultant is an individual who provides professional advice or services, which would include accounting services. Therefore, the maximum consulting rates as outlined in the special conditions of the awards are applicable. Further, as stated in the report, we found that Pathfinders paid the contractor \$112.50 per hour, which was exactly double the maximum allowable consultant rate of \$56.25 per hour for Award Number 2013-CY-BX-0002 and exceeded the maximum allowable consultant rate of \$81.25 for Award Number 2014-CY-BX-0023. As a result, the \$5,932, which is the amount in excess of the maximum consultant rate for the portion of these expenditures charged to the awards, is unallowable.

Pathfinders also partially agreed with our recommendation related to the \$6,849 in unallowable other direct costs. For the unallowable other direct costs totaling \$1,547 charged to Award Number 2013-CY-BX-0002, Pathfinders stated that the expenses related to symposiums, conferences, advertising, banking fees, food, trinkets and gifts, medical screenings, background checks, and coding mistakes should not have been charged to the award.

For the \$5,302 in unallowable other direct costs charged to Award Number 2014-CY-BX-0023, Pathfinders stated that \$2,576 in expenses related to conferences, food, pro-social activities [entertainment], and trinkets have been removed from the award and its drawdowns. However, Pathfinders did not provide any documentation to support this statement. Pathfinders also stated that it did not remove \$23 of the unallowable trinkets from the award

because it considered this amount part of its annual event costs.⁴ For the remaining \$2,703 in unallowable other direct costs, Pathfinders stated that it has requested a GAN to include the unallowable moving expenses, mentor training videos, background checks, advertising, medical screening, and banking fees in the budget for Award Number 2014-CY-BX-0023. However, the GAN has not been approved by OJP; as a result, these unbudgeted other direct costs remain unallowable.

This recommendation can be closed when we receive documentation demonstrating OJP has remedied the \$68,113 in unallowable costs related to \$49,932 in unallowable personnel costs, \$11,332 in unallowable contractor and consultant costs, and \$6,849 in unallowable other direct costs.

⁴ In its response, Pathfinders erroneously cited \$32 related to the annual event costs it believes are allowable, rather than \$23, which is the difference between the amount we questioned related to the trinkets and the amount Pathfinders stated was removed from the award drawdowns.



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