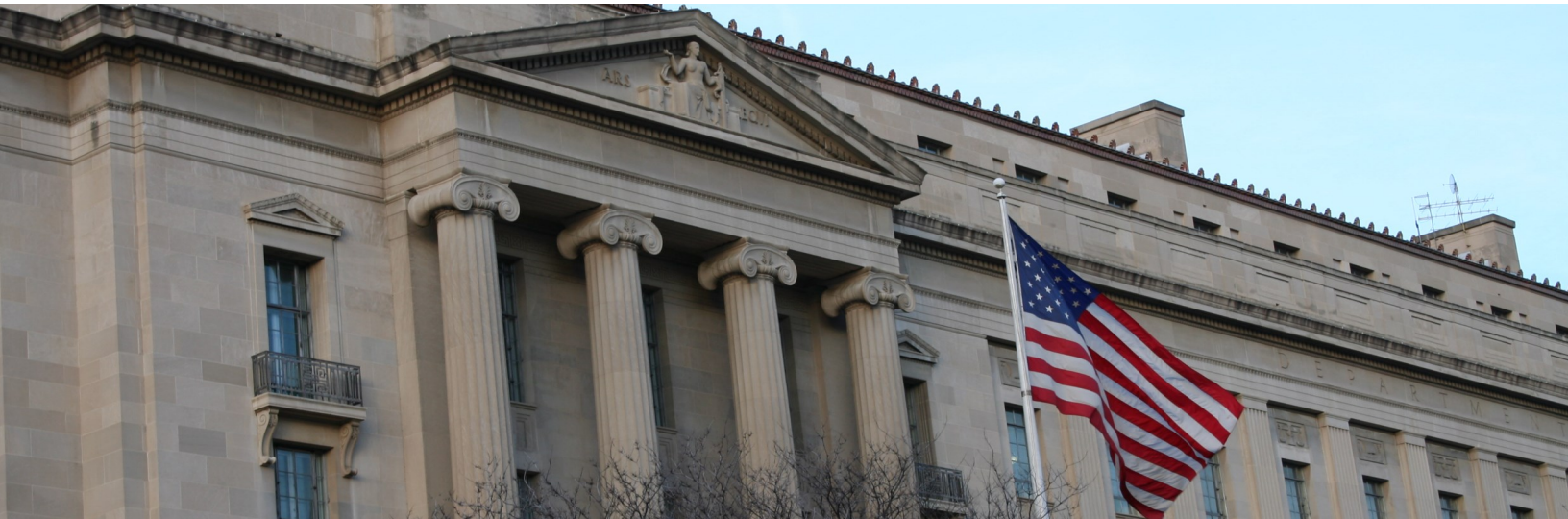




## Office of the Inspector General U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



# Audit of the Office of Justice Programs Comprehensive School Safety Initiative Grants Awarded to the Trustees of the University of Pennsylvania Philadelphia, Pennsylvania

**REDACTED FOR PUBLIC RELEASE**

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee's response, and are of individuals' names.

Audit Division GR-70-18-004

February 2018



# Executive Summary

*Audit of the Office of Justice Programs Comprehensive School Safety Initiative Grants Awarded to the Trustees of the University of Pennsylvania, Philadelphia, Pennsylvania*

## Objectives

The Office of Justice Programs awarded the Trustees of the University of Pennsylvania (UPenn) two grants totaling \$3,966,144 for the Comprehensive School Safety Initiative. 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 UPenn demonstrated adequate progress towards the grants' stated goals and objectives. This audit did not identify significant concerns regarding UPenn's federal financial reports, progress reports, subrecipient monitoring, and indirect costs. However, we found that UPenn did not comply with certain award conditions and incurred unallowable expenditures related to (1) unapproved personnel compensated by DOJ grant funds, (2) unapproved foreign travel, and (3) unallowable and unsupported contractual expenditures. Based on the results of our testing, our draft audit report identified \$54,091 in unallowable costs. OJP retroactively approved these costs as allowable prior to the issuance of this final report.

## Recommendations

Our report contains five recommendations to OJP to assist UPenn in improving its grant management and administration. Based on the responses of OJP and UPenn, we closed two of the recommendations regarding the questioned costs identified during our audit, while the remaining three recommendations are resolved with further actions necessary for closure.

## Audit Results

The purposes of the two grants we reviewed were to conduct research in an effort to help increase school safety nationwide. The project period for the grants was from January 2015 through December 2018. As of November 29, 2017, UPenn drew down a cumulative amount of \$2,029,634 for all of the grants we reviewed.

***Program Performance and Accomplishments*** – We concluded that UPenn demonstrated adequate progress towards the grants' stated goals and objectives. For example, UPenn conducted focus groups and interviews, distributed surveys to principals and teachers and began analyzing qualitative and quantitative portions of the research.

***Unapproved Expenditures*** – The audit identified \$20,037 in unallowable personnel expenditures related to students in personnel positions that were not approved to be charged to the grant. Further, \$34,054 in contract expenditures were unallowable because UPenn was not approved for contract costs for one of the grants we reviewed. The audit also identified four additional instances in which UPenn used grant funding for costs not included in the budget prior to requesting approval from OJP. As a result of our audit findings, UPenn requested approval of these unallowable costs, and OJP provided retroactive approval prior to the issuance of our final report.

***Internal Procurement Policies*** – We found that UPenn failed to comply with its internal policies for when it converted a UPenn student employee to an independent contractor after finishing research work as a student employee. Specifically, UPenn failed to prepare a sole source justification.

***Grant Terms and Conditions*** – We found that officials required by UPenn's internal policies to be aware of applicable terms and conditions of the grants were unaware of relevant OJP guidelines, causing instances in which UPenn charged unapproved costs to the grants without prior approval.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
COMPREHENSIVE SCHOOL SAFETY  
INITIATIVE GRANTS AWARDED TO  
THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA  
PHILADELPHIA, PENNSYLVANIA**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
 COMPREHENSIVE SCHOOL SAFETY INITIATIVE GRANTS  
 AWARDED TO THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA  
 PHILADELPHIA, PENNSYLVANIA**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office of Justice Programs' (OJP) National Institute of Justice (NIJ), under the Comprehensive School Safety Initiative, to the Trustees of the University of Pennsylvania (UPenn) in Philadelphia, Pennsylvania. UPenn was awarded two grants totaling \$3,966,144, as shown in Table 1.

**Table 1  
 Comprehensive School Safety Initiative Grants  
 Awarded to UPenn**

<b>Award Number</b>	<b>Program Office</b>	<b>Project Period Start Date</b>	<b>Project Period End Date</b>	<b>Award Amount</b>
2014-CK-BX-0008	NIJ	1/1/2015	12/31/2018	\$3,082,625
2015-CK-BX-0013	NIJ	1/1/2016	10/31/2017	\$883,519
<b>Total:</b>				<b>\$3,966,144</b>

Source: Office of Justice Programs – Grants Management System

Funding through the Comprehensive School Safety Initiative is intended to support research studies to increase the safety of schools nationwide. This initiative was to bring together the nation's best minds to research the root causes of school violence, develop strategies for increasing school safety, and rigorously evaluate innovative school safety strategies through pilot programs.

**The Grantee**

The University of Pennsylvania (UPenn) is an independent, nonsectarian, not-for-profit institution of higher learning founded in 1740. UPenn's Academic Component provides educational services, primarily for students at the undergraduate, graduate, professional, and postdoctoral levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the United States Government. UPenn also operates an integrated health care delivery system, the University of Pennsylvania Health System.

## **OIG Audit Approach**

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 grant; and to determine whether UPenn demonstrated adequate progress towards achieving program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant 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 grants. The 2014 OJP Financial Guide and the 2015 DOJ Grants Financial Guide (Financial Guide), 2 C.F.R. Part 200 (Uniform Guidance), 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, grant documentation, and interviewed UPenn officials to determine whether UPenn demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed progress reports to determine accuracy and timeliness. Based on our testing, we found UPenn to be in compliance.

### *Program Goals and Objectives*

The goals and objectives for grant number 2014-CK-BX-0008 included, but were not limited to: (1) conducting quantitative research to identify factors affecting school violence and determine how intervention can help protect against it, and (2) conducting qualitative analysis to determine how specific situations and locations may impact the likelihood of assault on school students. UPenn recruited and interviewed teachers and school staff, such as school nurses, to learn their perspectives of features and characteristics of school environments that either pose risk for or protect against youth violence in and around schools. In addition, UPenn transcribed data and conducted analyses of these qualitative data, and is using a new Geographic Information System (GIS) mapping application in conjunction with testing interviews to facilitate faster and more efficient data collection.

The goals and objectives for grant number 2015-CK-BX-0013 included conducting a study that examines the points of connection between the School District of Philadelphia's (SDP) School-Wide Positive Behavior Interventions and Supports (SWPBIS) initiative with schools' suspension practices. According to the grant's program narrative, the project will: (1) generate new evidence about the effects of schools' disciplinary practices on patterns of student suspension in Philadelphia; and (2) inform the alignment of policies with the SDP's shift toward SWPBIS. UPenn held focus groups, conducted interviews, distributed surveys to principals and teachers, and began analyzing qualitative and quantitative portions of the research.

Based on our review, we found UPenn demonstrated adequate progress towards the grants' goals and objectives.

### *Required Performance Reports*

According to OJP guidelines, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in a program solicitation. In order to verify the information in the progress reports, we sampled a total of 18 performance measures from reports submitted for the two grants we audited. We then verified the data reported to supporting documentation maintained by UPenn and did not identify any instances where the accomplishments described in the required reports were not supported by documentation.

## **Grant Financial Management**

According to OJP guidelines, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records to accurately account for grant funds. To assess UPenn's financial management of the grants covered by this audit, we reviewed UPenn's Single Audit Reports for 2015 and 2016 to identify any internal control weaknesses or significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policies and procedures, and inspected grant documents to determine whether UPenn adequately safeguarded the grant funds we audited. Finally, we performed testing in the areas that were relevant for the management of these grants, as discussed throughout this report. Based on our review, we did not identify any concerns related to grant financial management.

### *Single Audit*

Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.<sup>1</sup> As previously mentioned, we reviewed UPenn's 2015 and 2016 Single Audit Reports to identify internal control weaknesses or significant non-compliance issues related to federal awards. We identified issues in the fiscal year (FY) 2016 report related to UPenn's compliance with procurement policy, and the grant staff's understanding of and adherence to University policy, which we considered significant to our audit.

According to the FY 2016 Single Audit, UPenn's Principal Investigators and grant administrators were not consistently diligent in adhering to University policy, presenting an increased risk of charging unallowable costs to the grant. In addition, the report stated that UPenn did not properly follow its procurement policy due to confusion over the policy requirements. UPenn's grant manager told us that in response to these issues, the University provided training and re-education to grant management officials to ensure that they are cognizant of required guidelines. The related instances of non-compliance we identified in this audit are discussed in the remainder of the report.

## **Grant Expenditures**

We identified unallowable expenses in personnel, travel, and contracting totaling \$90,752, representing 6 percent of the grant funds spent (\$1,494,793).

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<sup>1</sup> On December 26, 2014, OMB Circular A-133, was superseded by 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raised the audit threshold from \$500,000 to \$750,000.



For grant awards, UPenn’s approved budgets included amounts for personnel, fringe benefits, travel, supplies, contractual (consultants and contractors), subrecipients, indirect charges, and other expenses. Between January 1, 2015, and January 31, 2017, UPenn spent a total of \$1,494,793, including expenses for two subrecipients. As Table 2 shows, over 87 percent of the grant spending was for personnel, indirect costs, and fringe benefits.

**Table 2 - Total Grant Spending by OJP Budget Category**

<b>Budget Category</b>	<b>Amount Spent</b>	<b>Percentage Spent (rounded to whole)</b>
Personnel	\$589,605	39
Indirect	\$555,608	37
Fringe	\$161,778	11
Contractual	\$71,594	5
Supplies	\$52,746	4
Subrecipients	\$45,654	3
Travel	\$16,523	1
Other	\$1,285	0
<b>Total</b>	<b>\$1,494,793</b>	<b>100</b>

Source: University of Pennsylvania

To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions by reviewing documentation, accounting records, and performed verification testing related to grant expenditures. Based on this testing, we recommended that OJP remedy \$54,091 in unallowable costs.<sup>2</sup> The following sections describe the results of that testing.

*Personnel*

We judgmentally sampled 8 personnel transactions totaling \$115,244, or about 20 percent of the total \$589,605 in personnel expenditures for the two grants. We compared the positions of UPenn staff for whom salaries were charged to the grant to those included in the approved grant budget, and found that related to grant 2014-CK-BX-0008, UPenn charged \$20,037 in unallowable personnel expenses. Specifically, these payments were made to students that were not included in the grant budget. A UPenn official stated that he thought OJP approval was not necessary for the expenditures as it amounted to a 1 percent change to the budget and did not exceed 10 percent of the grant award amount.

However, OJP requires grantees to obtain prior approval before using grant funding for personnel positions not previously approved in a grant budget.

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<sup>2</sup> Prior to the issuance of this final report, OJP approved a Grant Adjustment Notice (GAN) and requested closure of the associated recommendations. These actions are sufficient to remedy the questioned costs, as explained in the following sections.

Approved positions included project investigators, project manager, and research coordinators. Without prior approval of changes in staffing, OJP cannot ensure that funds are being used for personnel necessary to achieve grant goals and objectives. After we brought this issue to their attention while our audit was ongoing, UPenn officials submitted a Grant Adjustment Notice (GAN) to OJP in June 2017 requesting retroactive approval of students in the revised budget. This was one of four instances in which UPenn sought approval for expenses after charging them to the grant.<sup>3</sup> In our draft report, issued to OJP and UPenn for review and comment, we recommended that OJP remedy \$20,037 for unallowable personnel expenditures. In its response to our draft report, OJP provided approval documentation for UPenn's GAN. As a result, this recommendation is closed in this final report.

### *Fringe Benefits*

UPenn had an approved fringe benefit rate of 32.2 percent and charged a total of \$161,778 to the grants for fringe benefits. We reviewed fringe benefits for pay periods for both grants. We found that fringe benefits charged to the grants were allowable, supported, and allocated properly based on the amount of salaries charged to the grants in those respective periods.

### *Travel*

The OJP approved budget included travel expenses for UPenn to conduct research and to attend conferences. UPenn charged a total of \$16,523 in travel expenses to the two grants, or approximately 1 percent of its grant expenditures.

Related to the 2014-CK-BX-0008 grant, we identified expenses associated with travel to attend an overseas academic conference totaling \$3,411 that was not approved by OJP. According to the Financial Guide, all foreign travel must be specifically approved in advance by OJP. We determined that UPenn did not request approval prior to travel because the Principal Investigator who was required by UPenn policy to ensure compliance with grant conditions, was not familiar with this criteria. After we raised this issue during our audit, UPenn officials submitted a GAN to obtain retroactive approval for the foreign travel expense, but it was denied by OJP. As a result, UPenn removed the charges from its grant expenses. Without prior approval, OJP cannot ensure that foreign travel is necessary to achieve grant goals and objectives, and puts the funding at risk of fraud, waste, or abuse.

In addition, UPenn charged \$141 to the 2015-CK-BX-0013 grant as a travel expenditure for a consultant whose travel expense was already included as part of the consultant fee in the budget OJP approved. This was the result of an oversight, as the consultant was previously in a personnel position at UPenn in which she was eligible for travel reimbursement, and officials told us that they have since removed this charge from grant expenses. Because this amount was not significant, we only raise this matter to ensure future application of guidance regarding travel.

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<sup>3</sup> UPenn also did not seek required prior approval for expenditures on travel, contracts, and consulting.

## *Contractual*

For these grants, contractual costs were to consist of costs from contractors and consultants. UPenn charged a total of \$71,594 to the two grants for contractors and consultants. We reviewed these expenditures for compliance with related UPenn policy and OJP guidelines. In addition, the Financial Guide states that non-Federal entities may conduct noncompetitive proposals (or “sole source” procurement) by soliciting from only one source when one or more of the following circumstances apply: (1) the item or service is available only from a single source; (2) the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; (3) DOJ or the pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or (4) after solicitation of a number of sources, competition is determined to be inadequate.

### Contractors

Related to the 2014-CK-BX-0008 grant, we determined that UPenn negotiated a sole source contract with a company to provide location services to support its mapping project for a total of \$34,054. While we determined that the use of a sole source contract was justified and adequately documented, the expenditure was not approved in the related grant budget. The Principal Investigator for this grant told us that he mistakenly thought that since the change in the budget amount was less than 10 percent of the total grant budget, no prior approval was needed, and he was unaware that OJP requires grant recipients to initiate a GAN if the modification affects a cost category not included in the original budget. After we brought this issue to UPenn’s attention during our audit, UPenn officials submitted a GAN to obtain retroactive approval for the grant funds paid to the contractor. In our draft report issued to OJP and UPenn for review and comment, we recommended that OJP remedy \$34,054 in unallowable contract expenditures. In its response to our draft report, OJP provided approval documentation for UPenn’s GAN allowing grant funds to be paid to the contractor. As a result, this recommendation is closed in this final report.

### Consultants

We found that related to the 2015-CK-BX-0013 grant, as of January 31, 2017, UPenn paid charges with a consultant that were not approved within the grant budget. Specifically, UPenn paid \$33,250 to the consultant for services that were not approved by OJP, and we also found that the procurement of the consultant services was also not in compliance with UPenn’s internal policies.

A UPenn official told us the consultant’s grant-related work was designated by UPenn for one of the personnel positions in the budget within its grant application, and that the Principal Investigator was unaware of OJP’s requirement to obtain prior approval when using another organization not identified in the original approved budget. Specifically, she mistakenly thought that it was unnecessary to

obtain approval for the consultant's work as the specific activity was mentioned in the budget narrative UPenn submitted. During our audit, UPenn submitted a GAN requesting retroactive approval for the sole-source consultant that OJP subsequently approved on March 31, 2017.

The Financial Guide requires an entity, for procurement transactions using Federal award funds, to use its own documented procurement procedures consistent with applicable state, local, and tribal laws and regulations. However, UPenn officials told us they failed to comply with their internal policies for procuring consultants because the consultant, a former UPenn student employee, was not properly identified as an independent contractor after finishing their work as a student employee. If the Principal Investigator had followed its policies, she would have drafted and obtained approval for a sole source justification for the consultant.

Failure to adhere to related controls and comply with criteria puts grant funding at risk of fraud, waste, and abuse. We recommend that OJP ensure that UPenn adheres to its internal procurement policies.

### *Subgrant Recipients*

Related to the 2015-CK-BX-0013 grant, UPenn charged \$45,654 for subaward costs to conduct an 18-month exploratory study that would provide actionable insights on the impacts of a school district's disciplinary strategies.<sup>4</sup> We tested a sample of \$10,306 of the costs, or approximately 23 percent, and found the costs to be allowable, supported, and allocated properly. We also determined that UPenn implemented a process for monitoring the subrecipients as required.<sup>5</sup>

### *Indirect Costs*

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. UPenn spent \$555,608, approximately 37 percent of combined grant funds, on indirect costs. We interviewed UPenn officials and performed analyses on a sample of indirect charges. We determined that UPenn (1) used an approved indirect agreement; (2) used the appropriate indirect rate; (3) used the correct indirect base; and (4) calculated the indirect cost allocation accurately. We did not identify any issues related to indirect costs charged to the grants.

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<sup>4</sup> According to the 2015 DOJ Grants Financial Guide, "subaward" means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

<sup>5</sup> The 2015 DOJ Grants Financial Guide defines "subrecipient" as a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program.

## **Budget Management and Control**

According to the Financial Guide, a 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, a grant 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 grant expenditures to the approved budgets and determined that UPenn complied with the 10 percent budget requirement.

However, as noted above, we identified four instances in which UPenn used funding from the two grants for costs not included in the budget prior to requesting the required approval for personnel, travel, contractors and consultants. We determined that the failure to request prior approval in these situations was due to Principal Investigators misinterpreting the relevant OJP guidelines. We recommend that OJP ensure that UPenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget. We also recommend that OJP ensure that UPenn follows its internal policies requiring responsible officials for grant management to be aware of applicable terms and conditions.

## **Drawdowns**

According to the Financial Guide, award recipients should establish an adequate accounting system to accurately account for grant funds. The recipient should keep detailed accounting records and documentation to track, among other things, federal funds drawn down. The Financial Guide also requires a grantee to time drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days. If the funds are not spent or disbursed within 10 days, the recipient must return them to the awarding agency.

During our audit, we found that UPenn generally drew funds when unreimbursed grant expenses exceeded \$40,000, or when 1 month passed since the last drawdown. As of November 29, 2017, UPenn drew down a cumulative amount of \$2,029,634. To assess whether UPenn managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records and determined that there were no significant discrepancies between these figures. However, as previously discussed in the Grant Expenditures section of our report, we determined that UPenn had requested reimbursement for expenditures that were not in the approved budget.

## **Federal Financial Reports**

According to the Financial Guide, recipients are required to report actual expenditures and unliquidated obligations incurred for a reporting period on Federal Financial Reports (FFR), as well as cumulative expenditures. To determine whether

UPenn submitted accurate FFRs, we compared eight FFRs for the 2014-CK-BX-0008 grant and four FFRs for the 2015-CK-BX-0013 grant that UPenn filed as of January 31, 2017, to UPenn's accounting records. Based on our testing, we determined that UPenn submitted FFR's that were accurate. We also determined that UPenn submitted the reports in a timely manner.

## CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, and except for several discrepancies or instances of noncompliance, we conclude that UPenn demonstrated adequate progress towards the grants' stated goals and objectives. We did not identify significant issues regarding UPenn's federal financial reports, progress reports, subrecipient monitoring, and indirect costs. However, we found that UPenn did not comply with essential award conditions related to personnel, travel, and contract management. We provide five recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Remedy \$20,037 in unallowable personnel expenditures.<sup>6</sup>
2. Remedy \$34,054 in unallowable contract expenditures.<sup>6</sup>
3. Ensure that UPenn adheres to its internal procurement policies.
4. Ensure that UPenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget.
5. Ensure that UPenn follows its internal policies requiring responsible officials for its grant management to be aware of applicable terms and conditions.

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<sup>6</sup> As discussed previously, OJP retroactively approved the unallowable costs that we identified in our audit. Based on these actions, in its response to a draft of this report (see Appendix 4), OJP requested closure of Recommendations 1 and 2. These actions are sufficient to remedy the questioned costs, as explained more fully in Appendix 5.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

**Objectives**

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 grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

**Scope and Methodology**

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 the Trustees of the University of Pennsylvania (UPenn) under the Comprehensive School Safety Initiative, grant number 2014-CK-BX-0008 totaling \$3,082,625 and grant number 2015-CK-BX-0013 totaling \$883,519. As of January 31, 2017, UPenn had drawn \$2,549,069 of the total grant funds awarded. Our audit concentrated on, but was not limited to January 1, 2015, the project period start date for the earliest grant (2014-CK-BX-0008) through January 31, 2017, the last full month before our audit entrance conference.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of UPenn’s activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll, fringe benefit charges, subrecipients, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2014 OJP Financial Guide and 2015 DOJ Grants Financial Guide, 2 C.F.R. 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), 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 UPenn’s 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 were verified with documentation from other sources.

**APPENDIX 2**

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs<sup>7</sup>:</b>		
Unallowable Personnel Expenditures	\$20,037	6
Unallowable Contract Expenditures	<u>34,054</u>	7
<i>Less Remedied Costs<sup>8</sup></i>	-54,091	
<b>Net Questioned Costs</b>	<b>\$0</b>	

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<sup>7</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.

<sup>8</sup> Prior to the issuance of this final report, OJP approved a Grant Adjustment Notice that retroactively approved the unallowable costs that we identified during our audit.

## APPENDIX 3

# THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA'S RESPONSE TO THE DRAFT AUDIT REPORT<sup>9</sup>



January 5, 2018

Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office  
Office of the Inspector General  
U.S. Department of the State  
701 Market Street, Suite 201  
Philadelphia, Pa 19106  
VIA: US Mail and Electronic Mail at: *Thomas.O.Puerzer@usdoj.gov*

Subject: Draft Audit report on the Audit of the Office of Justice Programs (OJP) Comprehensive School Safety Initiative Grants.

Dear Mr. Puerzer,

We are writing to respond to the recommendations in the Office of Inspector General draft audit report, dated 12/8/2017, related to the OJP Grant numbers 2014-CK-BX-0008 and 2015-CK-BX-0013 awarded to the University of Pennsylvania under OJP's National Institute of Justice Comprehensive School Safety Initiative.

The draft report includes five recommendations as follows:

1. Remedy \$20,037 in unallowable personnel expenditures.
2. Remedy \$34,054 in unallowable contract expenditures.
3. Ensure that UPenn adheres to its internal procurement policies.
4. Ensure that UPenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget.
5. Ensure that UPenn follows its internal policies requiring responsible officials for its grant management to be aware of applicable terms and conditions.

The recommendations to Office of Justice Programs by grant and the University of Pennsylvania's response is as follows:

Grant Number	Budget Category	OIG Recommendation	Questioned Costs	University of Pennsylvania Response
2014-CK-BX-0008	Personnel Costs	Unallowable expenditures	\$20,037	Penn agrees that prior approval was not requested timely; Penn subsequently submitted a GAN which was approved. See Attachment 1. Penn does not agree that the costs should be disallowed.
2014-CK-BX-0008	Contractors	Unallowable expenditures	\$34,054	Penn agrees that prior approval was not requested timely; Penn subsequently submitted a GAN which was approved. Penn does not agree that the costs should be disallowed. See below for corrective actions.
2015-CK-BX-0013	Consultants	UPenn adheres to its internal Procurement Policies	\$0	Penn agrees with this recommendation. See below for corrective actions.
2014-CK-BX-0008; 2015-CX-BX-0013	Consultants Contractors Travel	UPenn implement procedures to obtain OJP prior approval for expenditures not approved in the budget	\$0	Penn agrees with this recommendation. See below for corrective actions.

<sup>9</sup> Attachments to this response were not included in this final report.

2014-CK-BX-0008; 2015-CX-BX-0013	Consultants Contractors Travel	UPenn follows its internal policies requiring responsible officials for its grant management to be aware of applicable terms and conditions.	\$0	Penn agrees with this recommendation. See below for corrective actions.
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As a result of concerns raised in prior year audits, the University of Pennsylvania recognized the need to strengthen and improve controls over prior approvals, procurement, and subaward administration. In order to address these issues, Penn established a Research Shared Governance Board with representation across Schools and Centers to actively engage, communicate and train on research compliance as well as to help establish best practices for research policy implementation. Currently, the Board meets monthly and provides a forum for discussing research compliance and policy issues as well as a resource for improving practices and procedures. Through this Board, research administration management has been able to more actively engage and involve School and Center leadership in process improvement and accountability.

The University of Pennsylvania's response to the findings and recommendations to improve administration of Department of Justice grants are as follows:

**1. Recommendation #1: Remedy \$20,037 in unallowable personnel expenditures.**

The administering department concurs that payments were made to the student on grant 2014-CX-BX-0008 without prior approval from NIJ. Our budget justification did include a request for a postdoctoral fellow, a role ultimately filled by [REDACTED]. The student payments to [REDACTED] included a period of time during which he worked on the project prior to defense of his doctoral thesis. He was thus ineligible for an appointment as a postdoctoral fellow at that time.

The Investigator and the grants management team have been reminded of the importance of understanding all guidelines for this award and the need to review all approved budgets prior to charging expenses to the grant.

Penn agrees that the GAN to include payments to the students on grant 2014-CK-BX-0008 was not submitted timely due to a misunderstanding related to the 10% prior approval requirement. Penn began the process of submitting a GAN for this activity in April 4, 2017 when we received an email notification from [REDACTED] regarding the Enhanced Programmatic Desk Review. The desk review began in May 2017 and was conducted simultaneously with the OIG audit.

Due to technical challenges with the GMS system, revisions to the GAN and follow up communication from NIJ program office related to other activities in the GAN, the final GAN request was successfully submitted on 10/18/17 and approved by NIJ program office on 10/25/17. We agree that the charges were incurred prior to obtaining NIJ approval. However, the activities for which the students were paid contributed to the aims, were appropriately supported, and subsequently approved by NIJ. Thus, we do not agree that the \$20,037 in personnel expenditures should be disallowed.

**2. Recommendation #2: Remedy \$34,054 in unallowable contract expenditures.**

The original budget included personnel assigned to provide location services to support our mapping project on grant 2014-CK-BX-0008. The software requires a specialized technical skills that the staff member did not have. Therefore, GISi was contracted in order to meet the aims of the project.

Penn agrees that due to a misunderstanding regarding the approval requirement, we did not submit a GAN to add the sole source contract at the time the services were requested. We subsequently submitted approval for this activity in the GAN submitted to NIJ on 10/18/17. Because NIJ approved the GAN on 10/25/17 for the contract services which met the aims of the project and were appropriately supported, Penn does not agree that the contract charges should be disallowed.

The responsible academic department has changed the reporting structure of grants management personnel to provide more regular and frequent feedback from senior administrators and greater oversight of the procurement activities associated with grants and contracts. The Investigator and the grants management team have been reminded of the importance of reviewing all guidelines and approved budgets prior to charging expenses to the grant.

**3. Recommendation #3: Ensure that Upenn adheres to its internal procurement policies.**

Penn agrees that we did not adhere to our internal policy. Procurement procedures have been changed to ensure that documentation for sole source justifications is provided at the time a purchase order is requested. These changes will be implemented January 2018 and will assist in ensuring compliance with our internal procurement and contracting policies.

**4. Recommendation #4: Ensure that Upenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget.**

In addition to advising and educating faculty and departmental administrators and central departmental administrators on OJP requirements for prior approvals, Penn implemented additional procedures to assist in identifying changes that require prior OJP approval. Penn enhanced its internal system for administering for outgoing subcontracts to identify subcontracts which were not included in the original budget. The change will alert the central office of the need for a GAN prior to executing the subcontract and expending funds. Penn also enhanced the reporting and closeout procedures to include budget to actual expenditure reviews prior to certifying financial reports to the Department of Justice. The post award department will work with departmental administrators and faculty to ensure that costs exceeding OJP variance guidelines are addressed prior to issuing financial reports.

**5. Recommendation #5: Ensure that Upenn follows its internal policies requiring responsible officials for its grants management to be aware of applicable terms and conditions.**

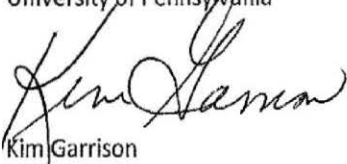
The University of Pennsylvania continues to educate central and departmental grants administrators of the importance of complying with Department of Justice and University of policies and procedures through our shared research governance board, formal meetings with departments, listserv announcements and our newsletter. The University is committed to improving compliance with Office of Justice program requirements.

We thank you for this opportunity to respond to the recommendations of the Office of Inspector General draft audit report. Please feel free to contact me if you have any further questions.

Sincerely,



Elizabeth Peloso  
Associate Vice President/Associate Vice Provost  
Office of Research Services  
University of Pennsylvania



Kim Garrison  
Director, Post Award Administration  
Office of Research Services  
University of Pennsylvania

**THE OFFICE OF JUSTICE PROGRAMS' RESPONSE  
TO THE DRAFT AUDIT REPORT<sup>10</sup>**



U.S. Department of Justice

Office of Justice Programs


Office of Audit, Assessment, and Management

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Washington, D.C. 20531

JAN 25 2018

MEMORANDUM TO: Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia 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, Comprehensive School Safety Initiative Grants Awarded to the Trustees of the University of Pennsylvania, Philadelphia, Pennsylvania*

This memorandum is in reference to your correspondence, dated December 8, 2017, transmitting the above-referenced draft audit report for the University of Pennsylvania (UPenn). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **five** recommendations and **\$54,091** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

**1. We recommend that OJP remedy \$20,037 in unallowable personnel expenditures.**

OJP agrees with this recommendation. In its response, dated January 5, 2018, UPenn also agreed with the OIG finding, that they had not timely requested and obtained prior approval from OJP, for personnel positions not previously authorized in the budget under Grant Number 2014-CK-BX-0008. However, to remedy the \$20,037 in questioned costs, related to the unallowable personnel expenditures that were charged to the grant, Grant Adjustment Notice (GAN) Number 10, dated October 24, 2017, reflects OJP's approval of UPenn's request to include the costs associated with the personnel positions in the grant's budget (see Attachment). We believe this action adequately addresses the recommendation. Therefore, the Office of Justice Programs respectfully requests closure of this recommendation.

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<sup>10</sup> Attachments to this response were not included in this final report.

**2. We recommend that OJP remedy \$34,054 in unallowable contract expenditures.**

OJP agrees with this recommendation. In its response, dated January 5, 2018, UPenn also agreed with the OIG's finding, that they had not timely requested and obtained prior approval from OJP, for the costs associated with a sole source contract to support its mapping project under Grant Number 2014-CK-BX-0008. However, to remedy the \$34,054 in questioned costs, related to the unallowable contract expenditures, GAN Number 10, dated October 24, 2017, reflects OJP's approval of UPenn's request to include the costs associated with the mapping project contract in the grant's budget (see Attachment). We believe this action adequately addresses this recommendation. Therefore, the Office of Justice Programs respectfully requests closure of the recommendation.

**3. We recommend that OJP ensure UPenn adheres to its internal procurement policies.**

OJP agrees with this recommendation. We will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, for ensuring that it adheres to its internal procurement policies.

**4. We recommend that OJP ensure that UPenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget.**

OJP agrees with this recommendation. We will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, to ensure that prior approval is obtained from the Federal awarding agency for costs that were not approved in the grant budget.

**5. We recommend that OJP ensure that UPenn follows its internal policies requiring responsible officials for its grant management to be aware of applicable terms and conditions.**

OJP agrees with this recommendation. We will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, for ensuring that its grant management officials adhere to internal policies and award terms and conditions.

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.

Attachment

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

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

The Department of Justice (Department) Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the Trustees of the University of Pennsylvania (UPenn). OJP's response is incorporated in Appendix 4 and UPenn's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP concurred with our recommendations, 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 \$20,037 in unallowable personnel expenditures.**

Closed. OJP agreed with this recommendation and approved a Grant Adjustment Notice that remedied the questioned costs. UPenn agreed with our recommendation and requested that the costs not be disallowed.

We reviewed the Grant Adjustment Notice, not previously provided, and found that OJP retroactively approved the personnel expenditures. As a result, this recommendation is closed.

**2. Remedy \$34,054 in unallowable contract expenditures.**

Closed. OJP agreed with this recommendation and approved a Grant Adjustment Notice that remedied the questioned costs. UPenn agreed with our recommendation and requested that the costs not be disallowed.

We reviewed this Grant Adjustment Notice, also not previously provided, and found that OJP retroactively approved the contractor expenses. As a result, this recommendation is closed.

**3. Ensure that UPenn adheres to its internal procurement policies.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, for ensuring that UPenn adheres to its internal procurement policies.

UPenn agreed with our recommendation and stated in its response that it has changed and scheduled a January 2018 implementation of procurement procedures to ensure that documentation for sole source justifications is provided at the time a purchase order is requested, and that these



procedures will assist in ensuring compliance with UPenn's internal procurement and contracting policies.

This recommendation can be closed when we receive documentation demonstrating the change in procurement procedures and determine that they are adequate to prevent similar occurrences.

**4. Ensure that UPenn implements procedures to obtain prior approval from OJP for costs not approved in the grant budget.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, to ensure that prior approval is obtained from the federal awarding agency for costs that were not approved in the grant budget.

UPenn agreed with our recommendation and stated in its response that, in addition to advising and educating faculty and departmental administrators and central departmental administrators on OJP requirements for prior approvals, UPenn implemented additional procedures to assist in identifying changes that require prior OJP approval. According to UPenn officials, UPenn has enhanced its internal system for administering subcontracts by including a means to identify subcontracts which were not included in the original budget. The change should alert the central office of the need for a GAN prior to executing the subcontract and expending funds. UPenn officials also said that they have enhanced the reporting and closeout procedures to include budget to actual expenditure reviews prior to certifying financial reports to the Department of Justice. UPenn officials said that its post award department will work with departmental administrators and faculty to ensure that costs exceeding OJP variance guidelines are addressed prior to issuing financial reports.

This recommendation can be closed when we receive documentation demonstrating the change in procurement procedures and determine that they are adequate to ensure prior approval of costs that were not approved in the grant budget.

**5. Ensure that UPenn follows its internal policies requiring responsible officials for its grant management to be aware of applicable terms and conditions.**

Resolved. OJP agreed with this recommendation. OJP stated in its response that it will coordinate with UPenn to obtain a copy of written policies and procedures, developed and implemented, for ensuring that UPenn's grant management officials adhere to internal policies and award terms and conditions.

UPenn concurred with our recommendation and stated in its response that it will continue to educate central and departmental grants administrators of the importance of complying with Department of Justice and UPenn policies and procedures through its shared research governance board, formal meetings with departments, listserv announcements, and a newsletter. The response also noted UPenn is committed to improving compliance with Office of Justice Programs requirements.

This recommendation can be closed when we receive documentation demonstrating UPenn's efforts for ensuring that its grant management officials adhere to intern policies and award terms and conditions.



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